AGRARIAN CHINA

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AGRARIAN CHINA

SELECTED SOURCE MATERIALS FROM CHINESE AUTHORS

Compiled and Translated by the Research Staff of the Secretariat, Institute of Pacific Relations

WITH AN INTRODUCTION BY

R. H. TAWNEY

Professor of Economic History, London School of Economics

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PREFACE

THIS BOOK is mainly a selection of articles from Chinese periodicals of the past few years, but in addition, some of the materials have been taken from hitherto unpublished studies. Though all the selections are translations, as indicated by the bibliographical note at the end of each, in nearly every case considerable editing was necessary, either to eliminate unnecessary repetitions or to explain those points which were only intelligible to Chinese readers.

This collection has been prepared by members of the research staff of the Secretariat of the Institute of Pacific Relations with two aims in mind. It forms part of the Institute's programme of research into problems of land utilization, population and rural standards of living in Pacific countries and is intended in particular to supplement in certain respects the Institute's much more detailed statistical investigation of Chinese agriculture, recently completed by Professor J. Lossing Buck of the University of Nanking. It also represents a result of the Institute's attempt to make available to western students some little part of the great mass of new research which Chinese scholars have been conducting during recent years into the basic problems of social life and economic organization.

Because most of the few western students familiar with the Chinese language have devoted themselves mainly to 'pure' Sinology, the ancient history and culture of China, or to literary questions, there has been little chance for historians, economists, sociologists, and political scientists in Europe and America to learn what their Chinese colleagues have been doing in the study of contemporary Chinese society. But even a glance at the list of modern Chinese journals concerned with the social sciences which have been established during the past decade reveals that an immense amount of valuable research has been proceeding on many academic fronts. The present book deals with only one of these fronts and the papers it contains

represent only a small fraction of the materials already available in Chinese on the subject of agrarian problems. As a result of further work in its projects on bibliography and translation, the Secretariat of the Institute hopes it may be possible to publish at a later date similar collections of readings on the economic and political problems of the Far East, based on Japanese and Russian, as well as Chinese sources.

The present collection should give a general view of the agrarian situation in China as it has appeared to many Chinese scholars in recent years. It does not constitute a single consistent 'view' but is rather a series of glimpses at various aspects of China's agrarian problems. Some of the papers deal with theoretical considerations, others with description and statistics; but each selection definitely presents a problem or a special phase of one. Moreover it will be observed that the materials are grouped into four main divisions; first, the land situation itself; second, the farming problem; third, the question of capital exploitation with respect to the above; fourth, the question of auxiliary income for peasant families and the problem of rural migration.

Land in China is usually measured by the *mow*, which, in spite of local variations is usually equivalent in size to one-sixth of an acre, or to 7.7 *ares*. Grain is weighed by the *picul* or its one-hundredth part, the *catty*. The *picul* varies greatly in different localities, but it is ordinarily somewhere between 50 to 60 kilograms. In this book 'dollar' is always to be taken as the Chinese dollar, the yuan, which during the period covered by this book had an average exchange rate of about thirty cents U. S. currency, although during the past few months the rate has dropped to about eighteen cents.

The classification of peasants in China, as elsewhere in the world, has been arbitrarily determined, and is roughly put into such terms as the rich, the middle, and the poor peasants. In various articles in this book, however, these terms do not imply a common and strict scientific basis. They only correspond with the general idea that the middle peasant family is one which in normal years can and does make ends meet. According to this conception, the rich peasant family usually has an annual surplus income over and above the necessary outlay for living expenses and for the cost of farm operation. The poor peasant family cannot make ends meet even

in normal years, and, in China, a great majority of the tenant families belong to this category.

For all its diversity of authors and opinions, this book does have a certain unity in that it exposes the gravity of China's peasant problem without concealment of long-standing evils, and presents a critical attitude to many of the attempts at rural reform which have been made in recent years. The compilers do not necessarily endorse this attitude, but they believe that the existence of this widespread critical feeling on the part of Chinese scholars is an important fact which should be better known to the outside world. Though questions of internal reform are at present completely overshadowed by the wartime emergency, the time will come when these fundamental agrarian problems—as has been advocated in Dr. Sun Yat-sen's 'Principle of People's Livelihood'—must be faced if the country is to achieve a real social and political unity, essential to its independence and freedom. Many rural reforms have already been attempted in recent years. 'It is argued,' to quote the Annual Report of the Bank of China for 1935, 'that the system of the ownership is the foundation of rural economy, and that, unless the problem of agrarian reform is satisfactorily solved, the various constructive activities proposed for the improvement of the agricultural situation will be superficial and have only a limited value.'

On the other hand, it is surely erroneous to go to the other extreme and assume, as some Western observers have done, that the cure for these fundamental agrarian ills is some kind of foreign economic and political control over China. To argue that because Chinese peasants have so often been oppressed by their own landlords and tax officials, they will or should welcome being governed by allegedly efficient or honest Japanese administrators, is to display bad historical judgment and worse political understanding. There is little in Far Eastern colonial history, whether in India, Java or the Philippines, to suggest that the evils of usury or landlordism are much reduced under a foreign imperialist regime. And certainly the record of Japan's control in Korea, Formosa and Manchuria gives scant promise that any true rural reform will be achieved in those regions of China which are, for the present, under Japanese military occupation and may, for some time, be subjected to an enforced and intensive commercial exploitation by Japanese capitalists and traders.

Though this volume is issued under the auspices of the Secretariat, it should be realized that neither it nor the research committee accept responsibility for statements of fact or opinion contained in the translations, though every effort has been made to check their accuracy.

W. L. HOLLAND,
Research Secretary.

New York,
July 30, 1938.

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INTRODUCTION

THE extracts contained in the following pages have been chosen with the objects of illustrating different aspects of the Chinese agricultural system and of the society based upon it. The four sections in which they have been grouped necessarily overlap, but each has its central theme. The first is principally concerned with the distribution of landed property; the second with farm management and allied topics; the third with marketing and finance. The principal subject of the fourth is the present position of the rural handicrafts with which the peasant in the past has supplemented his income from the land.

Books designed to save the student trouble by offering him selections from authors whom he ought, if he means business, to consult himself, are commonly an abomination; but a work, like the present, comprising the results of researches which most Western readers must study in a translation, or not at all, is not open to the conventional strictures. All who realize, however dimly, the significance of the part which China has played, and will continue to play, in the history of mankind, would wish to know something of the economic foundations on which her civilization rests. All who admire, even at second-hand, the great tradition of scholarship which is one of the glories of that civilization would desire to learn the verdict of its modern representatives on her present situation. Few Western sinologists[1] have concerned themselves with the first question; none can presume to answer the second. The

[1] The most important work by a European scholar on the subject of Chinese economic life is that of Dr. K. A. Wittfogel, *Wirtschaft und Gesellschaft Chinas* (Vol. I, Leipsig, 1931). Dr. Wittfogel's research is now being greatly revised and amplified, as a result of his work in China, under the auspices of the Secretariat, Institute of Pacific Relations, and the International Institute of Social Research, New York. The results will be published in three volumes during the next two or three years. A pamphlet describing the study has recently been written by Dr. Wittfogel under the title *New Light on Chinese Society* (Secretariat, Institute of Pacific Relations, New York.)

volume now published by the Institute of Pacific Relations throws light on both. It shows that the criticism sometimes made on Chinese thinkers educated abroad, that they have mastered the problems of all countries but their own, is no longer valid. It reveals how Chinese sociologists, economists and political scientists interpret the social crisis now confronting their nation.

Any realistic study of modern China must start from the facts of Chinese rural life. In the past she was the school-mistress of Europe in certain great crafts, such as pottery and textiles. She has experienced, in her turn, during the last half-century, the advance, on her eastern fringe, of the industrial capitalism of the West. To-day, nevertheless, as in the past, she remains preponderantly an agricultural society. Occupational statistics are unreliable; but it is probably not an exaggeration to say that some 70 per cent of her immense population—one-sixth to one-seventh of the human family—are engaged in farming. Both her economic prosperity and her political stability depend on the standard of life of this great army of cultivators. In China, in short, as in most parts of pre-nineteenth century Europe, the most crucial of all social problems is the problem of the peasant. In what does it consist?

An answer to that question would require several volumes. Natural conditions, varying widely from region to region; the diversities of cropping and cultivation which these conditions produce; cultural traditions and social habits of a half-legendary antiquity; a technique which in the past—and not unjustly—was the admiration of Europe, but which still has to make its own the fruits of the scientific revolution that has transformed Western agriculture in the course of the last century; economic organization and political institutions—all these, and other, factors demand consideration. To the first, there are illuminating references in the pages which follow; but, as is natural in authors writing of their own country for a public which may be presumed to be familiar with its main features, that aspect of the subject is not treated at length. Not much emphasis, again, is laid on the size, in relation to agricultural resources, of the population of China, on its unequal distribution between different parts of the country, or on the heavy pressure on the land in the areas most favoured by nature which those two conditions combine to produce. The need for the

modernization of agricultural methods is recognized; but the extensive introduction of technical improvements is regarded as improbable, until the social fabric within which they must function has been drastically modified. It is with the last topic—the institutional frame-work of Chinese agriculture—that the writers represented in this book are primarily concerned. Its importance is profound, and they are justified in putting it in the fore-front of their picture. What conclusions are suggested by their treatment of that subject?

It is clear, in the first place, that questions of land tenure demand more attention than has hitherto been given them. Two reasons have caused observers, in particular foreign observers, to underestimate their significance. For one thing, large properties, in the European sense of the term, hardly exist in China; the 20,000 *mow* —some 3,300 acres or 1,300 odd *hectares*—referred to below as an example of a great estate, would not attract notice in England or north-eastern Germany, and even in France, where standards are different, would not rank as a Leviathan. For another thing, a unit of ownership and a unit of cultivation are different conceptions, and most writers on Chinese land questions have been interested in the latter, to the neglect of the former. They have been so deeply impressed by the problem presented by the multitude of dwarf holdings of from one to five acres, that inequalities in the distribution of landed property have either failed to strike them, or have appeared to them a phenomenon of quite minor importance.

That attitude can hardly survive a study of the present volume. Statistics published by the Department of Agriculture and Commerce for 1918 suggested that, at that date, about 50 per cent of the peasants were occupying owners, 30 per cent were tenants, and 20 per cent owned part of their farmland, while renting the remainder. Were that the situation to-day, the proportion which occupying owners form of the total farming population would not be noticeably high. It would be larger than in Japan, Germany, and the United States, but less than in France, Denmark and Ireland. There is reason to think, however, that, in the twenty years which have elapsed since those figures were collected, occupying ownership has lost ground, and tenancy advanced. Some of the causes favouring the passage of land into fewer hands are touched on below. The progressive disintegration, since the Revolution

of 1911, of public and semi-public domains; the ruinous effects on small farmers of political disorder, high taxation, and economic instability; the rise of a more active and more extensive land-market; the reactions on rural society of the ancient, but now rapidly increasing, practice of speculative investment in real estate by urban capitalists, have all played their part. The precise weight to be assigned to these, and other, factors is not easily determined; but, whatever the explanation of the concentration of landed property, the fact of concentration can hardly be questioned. It is more marked, no doubt, in the south than in the north, and in the neighbourhood of great cities than in regions in which the economic currents do not race with the same speed as in the neighbourhood of Shanghai or Canton, where 70 to 90 per cent of the holdings are thought to be rented. Over a large part of China, however, tenancy of one kind or another undoubtedly predominates, and it appears everywhere to be increasing. The view sometimes heard, that the Chinese are a nation of peasant proprietors, is, in fact, an error. Action—or inaction—based upon it can lead only to disaster.

It is true, of course, that most of the larger properties are let to small cultivators. It is true that, as a consequence, apart from a few exceptional regions the addition which a redistribution of land would make to the peasants' holdings, though by no means negligible, would in many districts not be large. But to state the issue thus is greatly to over-simplify it. The engrossing of land is part of the problem, but it is only part. The question of the terms on which the peasant holds and works such land as he occupies is another, and not less important, aspect of it. As is shown by the striking comparison made below[1] between the economic position of tenants and that of occupying owners, the impoverishment of the cultivator is due, not merely to the fact that the acreage worked by him is too small to offer a tolerable livelihood, but to the heavy payments which he must make to his landlord. The burdens on him partly account, indeed, for the minute size of his holding. They deprive him of the resources needed to cultivate a larger area, and thus imprison him in a vicious circle.

[1] Page 85.

Tenures vary, of course, from district to district, and not all are open to criticism in the same degree. But many are bad, and some outrageous. Not only are holdings often over-rented, but the landlord is frequently a mere parasite. Sometimes he is an absentee employing an agent to squeeze the last penny from his tenants. Sometimes he is a local tyrant, who turns his house into a castle, protected by armed guards.[2] In either case, he takes from the land what the ignorance and helplessness of heavily indebted cultivators enable him to get, and puts little into it. In some districts a point appears to have been reached when the pressure on tenants is such that agriculture itself runs down. When nearly two-thirds of the peasants own only a third or less of the cultivated land, and, after meeting all the expenses of working it, pay half the net yield to a handful of landlords, to expect them to incur the cost of artificial fertilizers or better seeds is obviously Utopian. How, indeed, can they even afford to put money and labour into the maintenance of the permanent improvements, such as dykes and canals, which in some districts are the condition, not merely of farming successfully, but of farming at all?[3]

The conditions created by a vicious system of land-tenure are aggravated by other causes. Agriculture being, for natural reasons, an industry of slow turn-over, the small farmer is always in need of credit. The exploitation of the peasant by the money-lender is among the most ancient and ubiquitous forms of agrarian oppression. It was rampant in parts of Western Europe as recently as the seventies of last century, and it is only in our own day that a combination of cooperation and state action have abolished or mitigated it. As is evident from some of the studies pointed below[4], usury continues to-day to be one of the scourges of rural China. Its dimensions are such that, in some districts, almost three-quarters of the population are in debt. Loans are contracted in the spring, when last year's supplies are approaching exhaustion and receipts from the next harvest are still several months off. Money is raised on crops standing in the fields, on agricultural implements, on clothes and other personal possessions. Advances are made, sometimes in kind, but more often in cash, for short periods—often less

[2] Page 11.
[3] Page 30.
[4] Pages 188 and 193.

than twelve months—at rates varying from two to six per cent or more per month. The money-lenders form a powerful vested interest, closely allied to the landlords, and with a pull in high places.

In the disposal of his produce, again, the peasant is apt to find the scales weighted against him. If the improvement of communications and the advance of business enterprise in the quarter of a century since the Revolution have widened his market, they have also extended and tightened the hold of commercial capital upon the rural districts. The account given below of the effects of the commercialization of agriculture in southern Hopei[5], of the proceedings of the British-American Tobacco Company in Honan and Shantung[6], and of the struggle over the control of the Wusih silk industry[7], is not cheerful reading. It reveals how developments which might have been a blessing have been turned into a curse. Nor is that the whole story. In most peasant societies bye-employments are important. The position and prospects of rural handicrafts in China have been profoundly affected by the industrial changes of the last quarter of a century. Some of them, for example certain sections of the cotton-weaving industry, have declined before the competition of machine-made articles, sometimes imported, sometimes the products of Chinese factories. Others have passed under the control of merchants and middlemen, with whom the peasants are in no position to drive a fair bargain.[8] To these conditions must be added the effects of recurrent natural disasters, such as flood and drought, of an inequitable administration of taxation, which spares the rich and mulcts the poor, of a long period of intermittent civil war, with the unending robbery which accompanied it under the name of requisitions. The full economic consequences of the Japanese invasion remain to be seen; they can hardly fail to be appalling. Since large areas cannot be sown, widespread famine will almost certainly be one of them.

That latest and most tragic episode in the recent history of China is outside the purview of the present work. The authors represented in it are concerned, not with the immediate emergency, but with the normal characteristics of the rural life of their country. While they naturally emphasize different aspects of the subject, it is the

[5] Page 167.
[6] Pages 171 and 175.
[7] Page 184.
[8] Pages 239 and 243.

large measure of agreement between them, rather than their occasional differences, which will most impress the reader. It is difficult to lay down a volume composed of selections from their writings without feeling that rural society in China has reached a crisis. That society, possessed, in the past, many virtues and some weaknesses. Both were largely the product of prolonged isolation, and could survive because of it. In the new situation by which the nation is to-day confronted, some of the virtues have lost their former magic, while the weaknesses have become a menace, not merely to prosperity, but to national survival. Now that, for good or evil, China has become a partner in the modern international world, she requires an economic system and a political order which can stand the strain and meet the demands which that world imposes.

She cannot create the second unless she also succeeds in establishing the first. The state rests on economic foundations; when those foundations crumble, it crumbles with them. Nature and past history have determined that the basis of Chinese society shall be agriculture; nor, whatever the progress which the great industry may make, is it likely that that position will be substantially changed in any future that can be foreseen. Hence, in any serious economic reconstruction which China may undertake when she has defeated the latest, and not the least barbarous, of her barbarian invaders, rural reconstruction will necessarily play the most important part. Her future depends on the peasant, without whose cooperation continuous economic progress and political stability are alike impossible. Until his lot is substantially bettered, all other reforms will be written in water.

That truth, as the present work shows, is now appreciated by Chinese thinkers. Partly through no fault of their own, but partly also as a result of the pressure of financial and landlord interests on a young political system, which has had barely a decade in which to find its feet, the rulers of China have been slow to act upon it. But the promotion of rural progress, in all its diverse aspects, will remain the most urgent of the domestic tasks which will face Chinese statesmen when peace is restored. It will not be an easy one, nor can the attack on it be improvized. It is to be hoped that, amid all the miseries of which their country is now the victim, Chinese sociologists will find time to lay the

intellectual foundations of a new rural society, and to plan in advance the main outlines of the structure to be raised upon them.

On the contents of that programme a foreigner cannot speak, but one lesson of experience may be emphasized without presumption. The improvement of agricultural methods is, no doubt, indispensable; but it is idle to preach that doctrine to cultivators so impoverished by the exactions of parasitic interests that they do not possess the resources needed to apply it. In the Europe of the nineteenth century, the reconstruction of the legal fabric of the land-system preceded the modernization both of productive technique and of the business side of farming; nor, in the absence of the first, would the two last have been possible. China, it may be prophesied, will find it necessary to follow the same sequence of stages. Land-tenure will require to be reformed and the stranglehold of the usurer and middlemen to be broken before much can be expected in the way of technical progress. If the energies of the rural districts are to be released, and the peasants enabled both to protect themselves and to make their own contribution to the China of the future, a realistic system of education which gives less space to books than to practical activities, together with some simple form of School Medical Service, must be made accessible to country children.

To carry through such a policy will demand, not only knowledge, but a stout heart and a firm hand; but it would open the door to a new era of Chinese history. A government which permits the exploitation of the mass of its fellow-citizens on the scale depicted in the pages which follow may make a brave show, but it is digging its own grave. A government which grapples boldly with the land-question will have little to fear either from foreign imperialism or from domestic disorder. It will have as its ally the confidence and good will of half-a-million villages.

R. H. TAWNEY.

SECTION I

1. LAND OWNERSHIP AND ITS CONCENTRATION IN CHINA

EVEN from a casual study, it seems clear that the land problem in China to-day is as acute as that of 18th century France or 19th century Russia. The history of the past 300 years in China has witnessed a very significant agrarian change, the basic feature of which has been the increasing usurpation of public land by private owners. No doubt China's contact with modern world commerce has been the chief propelling force in bringing about this change.

During the Ching Dynasty, or up to the 1911 Revolution, there were nine categories of land ownership in China. These were: 1. Royal land which was scattered in the vicinity of the capital, Peking; 2. Banner land, which was bestowed by the Emperor on the Manchurian aristocracy and military people and which was to be found in nearly every province, although particularly in Chihli (now Hopei Province), Shantung and Honan; 3. Temple land and land belonging to religious bodies, such holdings being particularly numerous in the Yangtse provinces and also in Shantung and Hopei; 4. Educationalist land which was originally owned by Confucian temples for maintenance purposes, but was subsequently used as a means of financing public schools; 5. Military Colonization land, or land that was first opened up by stationed troops; 6. Clan land, being the undivided land, owned by the component families of the clan, chiefly for the purpose of maintaining ancestral worship, particularly common in the lower Yangtse Valley, Fukien and the southern parts of Kiangsi and Hunan, as well as throughout Kwangtung and the eastern part of Kwangsi; 7. Tribe land, recognized by the Central Government and practically owned by the chieftains of many of the aboriginal tribes. Such land is most common in China's west and south-west provinces. 8. Governmental land, belonging either to the central, the provincial or the district government, in different forms such as reed land near

river banks or lake shores, newly-emerged land, and uncultivated, barren land; 9. the private land of the family, which formed the major part of land ownership.

It has been estimated that at the beginning of the 18th century there were 700 million *mow* of cultivated land in China, and that the Royal land and the Governmental land occupied 27.24 per cent, the Temple land 13.57 per cent, and the Military Colonization land 9.19 per cent, while the Clan land and the private land of the family occupied 50 per cent of the total. Since then, however, the Royal land and the Governmental land and even the Clan land have been gradually transformed to private ownership. As the 1911 Revolution approached, there was hardly a portion of Royal land not usurped by Manchurian nobles or powerful Chinese military officials, neither was there any Banner land which had not changed hands. After that Revolution, vast amounts of Temple land, Educationalist land, Military Colonization land and other forms of Governmental land were illegally sold through the manipulation of corrupt officials and greedy gentry. Generally speaking, even the Clan land and Tribe land have come under the virtual control of the few managers who treat it almost as private property. This irresistible process of transforming public land into private land is becoming more and more apparent and the percentage of private land in China must now far exceed 50 per cent.

To take Wusih, for instance, in the land distribution in this district in 1930, the private land of the family formed a percentage as high as 91.49 while the Clan land only amounted to 7.81 per cent, Governmental land to 0.48 per cent, and the Temple land to 0.22 per cent. As is the case elsewhere in China, the Clan land in Wusih has been utilized more and more for educational purposes since 1911. At present only 9.47 per cent of the Clan land in Wusih is held exclusively for the maintenance of ancestral worship, while 6.53 per cent is exclusively used for educational purposes and 84 per cent is devoted to educational purposes as well as ancestral worship and charity.

Along with the tendency for public land to become private, there is a natural process of land concentration. People have generally recognized the existence of large land holdings in China's frontier provinces, particularly in North Manchuria and Inner Mongolia, but they had to recognize the existence of large land holdings both

in the Yellow River valley and the Yangtse basin. The fact that there are many owner-cultivators in north China and that the overwhelming majority of the tenants in south China cultivate small areas, has led to the belief that there cannot be much land concentration. Recent field investigations, however, have sufficiently established evidence of concentrated land ownership from the Great Wall to the southernmost sea coast.

Generally speaking, in north China, the landlords who form three or four per cent of the population possess 20 to 30 per cent of the land on which they merely collect rent, while the poor peasants, who form 60 to 70 per cent of the population, do not own even 20 to 30 per cent of the land. In Shantung there is, of course, a large area of Clan land of the descendants of Confucius, and in certain parts of Shansi and Shensi big new landlords have arisen in connection with the irrigation work. Even in Honan there are such large land holdings that one can ride for more than a day in a donkey cart and still be on the same family's land. In some of the districts in northern Kiangsu, in the Wai River basin, there are many land holdings from 10 to 20 thousand *mow* upward. Table 1, indicating land concentration, is compiled from results of field investigation and may be regarded as typical of north China.

The degree of unequal distribution of land ownership in south China is apparently greater than in north China because, for one thing, both land fertility and land prices are higher than in the north. In such wealthy silk districts as Wusih, Soochow and Kashing, where land prices are high, there are even landlords with big holdings of about 10,000 *mow*. The concentration of land ownership in Soochow is reflected by the huge amount of bank deposits every year. These total some 80 million dollars and are principally derived from rent collection. In Chekiang there are several districts where villages entirely inhabited by tenants may be found. In the delta regions of both the Yangtse and the Pearl rivers, 70 per cent of the village population are tenants. Thus it is easy to infer that there exists a high degree of land concentration.

Based upon recent investigations, it is possible to gather a general idea of land distribution in south China, particularly in the four provinces listed in Table 2.

Thus two to four per cent of the population possess 30 to 50 per cent of the land on which they merely collect rent and from this

TABLE 1. DISTRIBUTION OF LAND OWNERSHIP AMONG DIFFERENT CLASSES IN FOUR DISTRICTS OF NORTH CHINA

Name of district	Landlords		Rich Peasants		Middle Peasants		Poor Peasants	
	Per cent of families	Per cent of land	Per cent of families	Per cent of land	Per cent of families	Per cent of land	Per cent of families	Per cent of land
Paoting (Hopei)	3.70	13.40	8.00	27.90	23.10	32.80	65.20	25.90
Huihsien (Honan)	4.39	27.50	8.08	20.60	24.71	33.94	57.97	17.83
Suiteh (Shensi)	1.47	16.91	3.31	22.86	11.40	28.40	83.82	31.83
Tenglu (Shansi)	0.30	24.29	1.82	5.43	68.33	61.43	29.55	8.85

TABLE 2. DISTRIBUTION OF LAND OWNERSHIP AMONG THE DIFFERENT CLASSES IN FOUR PROVINCES OF SOUTH CHINA

Name of Province	Landlords		Rich Peasants		Middle Peasants		Poor Peasants	
	Per cent of families	Per cent of land	Per cent of families	Per cent of land	Per cent of families	Per cent of land	Per cent of families	Per cent of land
Chekiang	3.3	53.0	2.7	8.0	17.0	19.0	77.0	20.0
Kwangtung	2.0	53.0	4.0	13.0	12.0	15.0	74.0	19.0
Kwangsi	3.4	28.9	6.4	22.3	20.6	28.0	69.6	20.8
Yunnan	4.4	26.9	31.2	38.7	64.4	34.4	64.4	34.4

one can see that concentration of ownership in the south has gone further than in the north.

On 7th February, 1934, the Central Government in Nanking decided to organize a land commission to be undertaken jointly by the National Economic Council, the Ministry of the Interior and the Ministry of Finance. This National Land Commission, financed by one-third of a million dollars and staffed by 986 field investigators, compiled statistical material from the beginning of August, 1934, to the end of July, 1935. Among the numerous reports that have subsequently been published as a result of the work of this Commission, those regarding land ownership should give additional evidence to the high degree of land concentration in China. The investigation of 1,545 big landlord families in 89 districts scattered throughout 11 provinces reveals the fact that the average size of land ownership of these families is 2,030 *mow*. Another investigation of 752,865 peasant families in the same districts shows the average ownership of these families to be 15.8 *mow*, which is 128½ times smaller than the average for the big landlord family. It is also significant that the findings of this Commission indicate that the land possessions of the big landlord families range from 300 to 20,000 *mow* each. Such governmental statistics, accompanied by other semi-governmental investigations and private inquiries of various kinds, should prove concretely the general existence of large land holdings in China as well as the acute situation arising from land concentration.

(Sun Shao-tsun, *The Land Problem of Modern China*, EDUCATION AND THE MASS, Vol. VIII, No. 3, 28th November, 1936, Wusih.)

2. LAND CONCENTRATION IN WUSIH, NEAR SHANGHAI

BEING a well-known industrial district, Wusih is a place where one would naturally expect to find the beginnings of capitalistic farming, but such capitalistic development is evidently doomed by the present status of land concentration and the tenancy system. Though during the past decade there has been a slight decrease in

land mortgages and sales, yet the degree of land concentration has shown no signs of decline.

The agricultural land in Wusih may be classified in three categories according to the completeness of ownership. These in local terminology are known as 'rent-collecting land', 'potash-fertilized land' and 'sole-owned land'; the first refers to ownership of the bottom rights, the second to ownership of the surface rights and the third to complete possession of the land both as to surface rights and bottom rights. A field investigation conducted by the Institute of Social Sciences of the Academia Sinica in 1929 reveals that in 20 representative villages in Wusih, while the landlords accounted for only 5.36 per cent of the total village population, their sole-owned land and rent-collecting land amounted to as much as 47.08 per cent of the total cultivated land. A later investigation in 1931 established the fact that there were 921 landlord families in Wusih, each possessing 100 *mow* or more of sole-owned land and rent-collecting land. The total of such land amounted to 305,000 *mow* or 24 per cent of the cultivated land of the entire district. Reckoning this together with the land owned by those landlord families with less than 100 *mow*, the result shows that 39 per cent of Wusih's agricultural land is in the hands of landlords.

Undoubtedly rent-collecting land forms the main portion of the landlords' possessions. Nearly all agricultural land in the neighbourhood of the city, belonging to the landlords, is rent-collecting land, and the majority of their permanent tenants are to be found within a radius of five miles of the city wall. Taking three villages within this area—Huang-hong, Huang-tu-chin-chiao and Chow-chao-chiao —the potash-fertilized land here forms as much as 81 to 98 per cent of all the land leased by the peasants. In 20 representative villages, the rent-collecting land on an average accounts for 62 per cent of all the land owned by the landlords. Indeed one of these families, owning more than 550 *mow*, has 98 per cent of this land with bottom rights only and this family owns nearly half of all the rent-collecting land in those 20 villages.

Turning to peasant land ownership, the rich peasants, of course, assume a dominant position. Though the rich peasants, as a whole, employ many field workers, permanent and seasonal, no less than 5.18 per cent of their sole-owned and rent-collecting land is let on lease. The middle peasants who form about one-fifth of the village

population and whose land possession also occupies about one-fifth of the cultivated area, have barely enough land to maintain their livelihood and thus only 0.53 per cent of their property is rent-collecting. In the 20 representative villages there were about 700 poor peasant families, or about 68 per cent of the population. These families owned altogether only nine *mow* of rent-collecting land and only 960 *mow* of sole-owned land, but their potash-fertilized land, which is a sure sign of relative poverty, amounted to 1,510 *mow*.

Now the poor peasants are not even able to maintain their rent-collecting and sole-owned land. In normal times they have to rely only on borrowing to maintain even the low standard of living to which they are accustomed. When, however, there is a wedding or funeral, some family mishap or crop failure, then they are compelled to yield the property which they have inherited from their ancestors. But if they should sell their land outright, they would instantly lose the basis of their livelihood, and thus, unless it is absolutely necessary, they always hesitate to sell their land, preferring to mortgage it. Yet in reality this mortgage is merely a disguised sale, for the mortgaged land legally belongs to the mortgagor or creditor, the mortgagee simply maintaining a nominal pretense that he will have a chance to redeem it. Obviously this is not the capitalistic form of mortgage whereby the mortgagee can still retain his ownership as long as he fulfils his obligations.

Because of the difference in economic conditions, the method of land transfer varies in different parts of the district. In the southern parts of Wusih where there are relatively fewer landlords, land transactions are mostly carried out between the peasants, and those who acquire land usually cultivate it themselves. Consequently, the number of land sales far exceeds the number of mortgages. The situation in eastern and western Wusih is different, for here there are more landlords who are always in a position to take on mortgages and thereby receive rents. Even here there has been a change since 1927. Prior to that year the collection of rent was easy, so that there were more mortgages than sales; since then, as a result of tenants' riots, the number of mortgages has decreased.

It is under the pre-capitalistic form of mortgage that most of the poor peasants have lost their land to the landlords and rich peasants. According to an investigation made in 1929, while 14 per cent of the peasant-held land was under mortgage, of the rich peasants' land

only two per cent was mortgaged, of the middle peasants' eight per cent, but of the poor peasants' as much as 38 per cent. On the other hand nearly six per cent of the rich peasants' land consisted of land held on mortgage. The percentage of land held by the landlords in this way was found to be over 10 per cent of their land possession. To appreciate how difficult it is for the poor peasants to retain their land, in spite of the lengths to which they are willing to go to do so, one need only be acquainted with the actual process of land transaction. In Wusih the poor peasants often mortgage their sole-owned land by four stages. In the first stage they mortgage the bottom rights and pay their mortgagors an annual fixed rent as supposed interest. This process is locally known as 'selling rice rent'. As living becomes more difficult again, they approach their mortgagors to effect a permanent sale of the bottom rights, and for this they receive a certain sum of money, but of course from this time on they have to continue to pay the rent as bona fide tenants. This is known as 'permanent rice rent'. A further stage is to mortgage the surface rights, which is locally known as the 'tentative potash-fertilized land'. The fourth and final stage of course is to sell permanently the surface rights and from then on the peasant gives up his last claim to any kind of ownership. Usually the time taken to complete these four stages does not exceed three to eight years. In other words, once the peasants embark on mortgage, they are practically doomed to the complete loss of ownership in less than a decade.

The land distribution as revealed by the investigation of 20 representative villages, may be summarized by the following table:

TABLE 3. LAND CONCENTRATION IN WUSIH IN 1929

Class	*Percentage to total number of families*	*Percentage to total number of mow of cultivated land*
Poor peasants	68.49	14.17
Middle peasants	20.06	20.83
Rich peasants	5.68	17.73
Landlords	5.77	47.27

The fact that 14 per cent of the land is shared by 68 per cent of the families and that the other 11 per cent of the families possess 65

per cent of the land should clearly indicate the degree of land concentration. The investigation in that same year shows that the landlords of the entire district of Wusih possessed 39 per cent of all the agricultural land, and furthermore, some of these powerful landlords were in actual possession of an additional nine per cent of the land which they had usurped in one way or another in the name of clan land or community land. On the other hand, more than 600,000 Wusih peasants had to struggle along on the remaining 52 per cent of the land, and as has been indicated by Table 3, a small percentage of rich peasants held a large proportion of this, leaving very little for the poor peasants who constitute by far the majority of the peasantry.

Land concentration alone, however, does not mean the inception of capitalistic development. In the social and economic history of the Roman Empire, the system of *latifundia* helped to bring about the downfall of the Roman provinces and did not give any impetus to capitalistic development. But the movement of land concentration in England during the 16th century did give rise to the birth of capitalistic farming. The general agrarian situation in China at present certainly cannot be said to be encouraging capitalistic development, but on the other hand, the existing land concentration and the tenancy system are still embedded in feudalistic remnants. In Wusih, although the first cotton textile mill was established as early as 1894, the first flour mill as early as 1901, the first silk filature in 1904, the first chemical dyeworks in 1909 and the first machine workshop in 1912; and although in 1929 the total industrial capital reached $12,000,000 and the total number of factory workers 80,000 the landlords have not yet bothered themselves with the large-scale production of cereals or any other industrial crop.

More than half the landlords in Wusih, who own more than 100 *mow,* reside in the city or the rural trading centres, and not more than 45 per cent of them actually live in the villages. Practically all the rent income is used to buy land, to make usurious loans and to invest in trade, leaving very little for industrial purposes. The most common outlet for rent is usury. In any village at least 40 per cent of the landlords flourish on this account, and in many cases this percentage is 90 or 100. About a third of the landlords generally speaking, have some investment in trade, but only 1.29 per cent have invested in modern factories.

The landlords in Wusih, much as elsewhere in China, do not manage their land like the old Prussian junkers; they rent out not only all their rent-collecting land but also 63 per cent of their sole-owned land, and, in fact, the more land that the landlord family possesses, the larger the proportion of land they let. Moreover, under the present circumstances, even the rich peasants find it more profitable to lease out a part of their land. The truth of the matter is that labour is so cheap in China and agricultural land is so parcellated and scattered that the rich peasants neither can nor wish to adopt the use of machinery. Then the profits from farming are being constantly reduced by excessive taxation, the imposition of military requisitions, price manipulation through world markets and the primitive technique itself. All this accounts for the desire of the rich peasants to let a part of their land for the sake of collecting rent, which they deem safer than gambling on agricultural profit. In the 20 representative villages investigated, nearly 19 per cent of the rich peasants' land was leased out and, similar to the position of the landlord, the more land the family possesses, the larger is the proportion of the land that it leases out.

Undoubtedly the land leased out by the landlords and rich peasants has originated from the peasants through mortgage and sale. In a capitalistically developed country, the landless peasants either go to the factory direct or hire themselves out as agricultural labour. The situation in China, however, is different in that there is not much industrialization, nor the possibility of large-scale farming, and therefore the landless peasants and those who have insufficient land are still being compelled to become tenants and pay exorbitant rents to eke out a living. Many of these peasants are not able to become tenants because they cannot meet the necessary cost of production, and therefore they have to hire themselves out as seasonal or day labourers for a very low wage. In 1929, the daily wage for field workers was about 50 cents for men and slightly less for women. In comparison with the rural proletariats in industrialized countries, the poor peasants in China are very badly off, for while they suffer land hunger they are still chained to the land for their livelihood.

(Wong Yin-seng, Chien Tsen-jui and others, *Land Distribution and the Future of Capital,* an unpublished MS., dated 1932.)

3. LAND CONCENTRATION IN NORTHERN KIANGSU

AS THE province of Kiangsu is divided by the Yangtse river, the territory to the north of it is generally known as northern Kiangsu. For the past hundred years or so, northern Kiangsu has been as poor as southern Kiangsu has been rich, and for years the people from the north have filtered through to the south, taking up whatever work they have been able to find, but particularly that of pedlars, factory labourers and ricsha pullers. Numerous poor peasants who have been swept southward are no longer capable of finding a place on the land and are compelled to live with their families in tiny boats on the river. Some of them have become fishermen but the majority are hired for field work in the richer districts of the south. Other migrants from the north live in tiny huts on the edge of the cities, where most of them become wharf or transportation coolies. Thus, while in area northern Kiangsu constitutes three-quarters of the province, its population is barely one-third of the total.

The reason for all this is not primarily due to poorness of soil fertility but rather to the long neglect of irrigation and dyke works, the fundamental reason for which lies in the landlord system, whereby the landlords merely extract rent and do nothing to improve the land. Generally speaking the landlords in northern Kiangsu are far more backward than in the south where industry and commerce are more advanced, and where therefore the economic life is more complex. In comparison with southern Kiangsu, the local landlords in the north appear to have much more political and economic power over the peasants. Indeed, in the rural districts of the north, there is a much thicker atmosphere of pre-capitalism. In the northernmost districts of the province, those landlords owning 10,000 to 20,000 *mow* each usually live in mud castles with armed guards, and their tenants are scattered in small villages within a two-mile radius, the castle acting as a trading centre for the whole community. Some of these big landlords maintain a rather large armed force, with 30 to 50 riflemen in addition to those armed with old-fashioned weapons. Often these forces are not the local tenant peasants but have been recruited from bands of scattered troops resulting from civil wars. Against these armed forces of the big landlords, the District Magistrates are politically impotent. Here,

therefore, more than in southern Kiangsu, the economic strength of the landlord is closely identified with their political power.

Whereas the cornerstone of the agrarian structure in southern Kiangsu is the small landlord who usually owns less than 100 *mow*, that in the north is the big landlord of at least 1,000 *mow*. Whereas in the south Chinese militarists and other *nouveaux riches* including bureaucrats invest part of their money in factories, hotels, garages and sundry kinds of shops, these same people in northern Kiangsu, where trade and industry is backward, have to invest their money almost exclusively in land. This then is one of the apparent reasons for a much higher degree of land concentration in the north. Incidentally, the large land holdings in northern Kiangsu are by no means all inherited estates; many of them are newly acquired. A noted example of this was provided by a high official named Lee Hou-chi, who during his lifetime acquired more than 20,000 *mow* in his home district of Hsiao-hsien, in the north-western corner of Kiangsu.

Even those landlords who are considered relatively small in northern Kiangsu, hold much more land than the average landlord in the south. One example resulting from actual field investigation in a village, Tuan-chuan, in Hsuchow may be sufficient. The total number of *mow* cultivated in Tuan-chuan is about 2,300, but while there are more than ten families in this village possessing no land whatsoever and 130 families possessing less than ten *mow* each, one family owns 400 *mow* and two other families 200 *mow* each, the total population being about 200 families.

This ownership of 400 *mow*, however, is in no way representative of land holdings in northern Kiangsu. Besides the newly acquired land holdings, there are in the northern districts huge tracts of land nominally belonging to temples, but actually owned by the few people who manage them. Just as the private land holdings in the north are much larger than in the south, so these temple land holdings are also larger, and perhaps one of the best examples is that of the land belonging to the Temple of Chi-loh in the district of Suo-chien, just south of the Lunghai Railway. This ancient temple is now only nominally a religious institution; actually, it is an economic and political power by itself. Together with five small temples subordinate to it, the total temple land has reached 200,000 *mow*, which would equal in area almost one-half of a small district

in southern Kiangsu. The chief monks who have practical monopoly of this land are busily engaged in rent collecting and the practice of usury. They maintain big families, including many concubines, and their dwelling places are far grander than the Magistrate's Bureau. They have armed guards with rifles and big knives and their tenants are often conscripted for labour service of various kinds. Many of their tenants are utterly dependent upon them for agricultural tools and animals, and the monk landlords can easily organize them to oppose the local government if need be. This happened in 1929 when the Kuomintang was rumoured to have adopted the policy of confiscating the temple land.

According to the field investigations sponsored by the National Rural Rehabilitation Commission, in 1933, statistics have been compiled to show the distribution of land ownership in three typical districts of northern Kiangsu.

TABLE 4. DISTRIBUTION OF LAND OWNERSHIP AMONG THE DIFFERENT CLASSES IN THREE DISTRICTS OF NORTHERN KIANGSU

Name of District	*Landlords*		*Rich Peasants*		*Middle Peasants*		*Poor Peasants*		*Other Villagers*	
	Per cent of families	*Per cent of land*	*Per cent of families*	*Per cent of land*	*Per cent of families*	*Per cent of land*	*Per cent of families*	*Per cent of land*	*Per cent of families*	*Per cent of land*
Paihsien	0.7	7.1	4.9	34.3	16.5	35.9	61.2	22.3	16.7	0.4
Yencheng	0.6	1.2	15.9	61.4	38.3	28.9	37.6	8.3	7.6	0.2
Chitung	0.5	9.2	7.2	58.4	31.4	25.8	57.8	6.4	3.1	0.2

It must be noted here that the above mentioned investigations were carried out in representative villages of each of the three districts, from house to house, and therefore did not take into account the land possessions of the non-resident landlords. If the ownership of non-resident landlords had been included, the percentage of land owned by the landlords would, in every case, have been very much higher.

In spite of this one can still calculate the degree of land concentration by the proportion of leased land to the total cultivated land. On the basis of this approach, the following table is illuminating:

TABLE 5. LANDLORD OWNERSHIP IN THREE DISTRICTS OF NORTHERN KIANGSU IN 1933

Name of District	*Number of mow cultivated* (I)	*Number of mow leased* (II)	*Number of mow under landlord management* (III)	*Number of mow of peasant-land leased* (IV)	*(II) plus (III) minus (IV)* (V)	*Per cent of (V) to (I)*
Paihsien	2,871.6	1,423.8	none	2	1,421.8	49.5
Yencheng	3,730.4	1,058.9	7.0	6	1,059.9	28.4
Chitung	4,626.9	2,972.1	48.3	10	3,010.4	65.0

Whereas the landlords' land in Paihsien and Chitung is more than one-half of the total agricultural land, that in Yencheng is less than one-third, but it must be noted that the rich peasants in Yencheng enjoy an unusually large percentage of land, and if the ownership of landlords and rich peasants were put together, it would be found that 16 per cent of the village population in Yencheng owns 63 per cent of the land.

From the same statistical sources, the average ownership of land among peasants in northern Kiangsu can also be calculated. In Paihsien the average area of land owned by the rich peasants is 38 *mow* per family; that by the middle peasants 12 *mow*; and that by the poor peasants 2 *mow*. Such averages in Yencheng are 66 *mow*, 13 *mow*, and 4 *mow* respectively. In Chitung they are 40, 4 and 0.5 respectively. In comparison with the large area of land owned by an average family of landlords, these figures are so small as to be completely dwarfed.

(Wu Sho-peng, *The Lingering of Hsu-chow and Hai-chow in Purely Rural Economy*, THE EASTERN MISCELLANY, Vol. XXVII, No. 6 and 7, March and April, 1930, Shanghai.
Chang I-Pu, *Land Distribution and Tenancy in Kiangsu*, CHUNG-KUO NUNG-TS'UN, Vol. I, No. 8, May, 1935, Shanghai.)

4. THE BIG LANDLORDS OF WEI-HSIEN, SHANTUNG

THOUGH it is true that generally speaking the small landlords hold a dominant position in Shantung, there are quite a number of big landlords in the peninsula region, particularly in the districts of Huang-hsien, Yi-hsien, Chu-cheng, Lue-hsien and Wei-hsien. This region has been regarded from ancient times as one of the most wealthy parts of the country because of the early commercial development due to the fisheries and salt production. Trade capital and usury have long operated to bring about the concentration of land ownership. This more progressive economic development in the eastern part of the province has made it a very different agrarian region from the western part of the province.

Undoubtedly Wei-hsien stands out as the most prosperous trade centre in the province, next to Tsingtao and Tsinan, all three being situated on the same railway. It is commonly known that there are four big land-owning families in Wei-hsien, namely, Chang, Quo, Chen and Ting. The prestige of what is called 'the four big families' still carries influence in all the neighbouring districts. They have been powerful for so long that it is not clear just how their wealth and power originated, but the consensus of opinion in the locality is that they are the descendants of very high officials.

Of the four, the Ting family possesses the largest amount of land. Of course it is nearly impossible to find out the exact number of *mow*, but according to the general estimate by those in a position to know, the Ting family owns 8,000 local *mow;* that is, according to the local standard of measurement. Since this local *mow* is three times as large as the official standard *mow* in China, the Ting land really amounts to 24,000 *mow*. The other three families have 6,000 to 9,000 standard *mow* each. All four families are engaged in trade and usury, in addition to rent collecting.

One of the largest pawn shops in Wei-hsien belongs to the Ting family which also maintains other pawn shops and business firms in Tientsin and Shanghai. With huge wealth as the basis of their power, the Ting family has always brought its influence to bear upon politics and education. The people in Wei-hsien can still recall that the Governor-General of Shantung, Chang Chun-chang, after his retreat from Tsinan, the provincial capital, before the advancing troops of the Chinese National Revolutionary Army in 1928, made

his military headquarters in the big mansion of the Ting family. Indeed the Chinese warlord finds his best ally in the big landlord. In recent years the chairman of Shantung province, General Han Fu-chu, during his repeated trips of inspection, also made his headquarters in this same mansion. Of course, as is customary, no payment was made for such use of the mansion but naturally, in return for all accommodations given by the gentry adequate favouritism was shown. It is no wonder then that the Ting family has practically become the political centre of the whole district.

The western and northern parts of Wei-hsien are more of a peasant-tenant community than the rest of the district. As most of the land belongs to big landlords, an entire village often cultivates land owned by one family. Though a considerable number of the tenant families own their own houses, many of them are still housed by the landlord. Evidently the latter are much worse off because they are subject to the call of the landlord, to work without any pay at funerals, weddings or other customary celebrations. Tenants on either terms, however, have to provide themselves with all the necessary means of agricultural production, except of course the land.

Every village chief is practically an agent of the big landlord. He administers the village affairs in the interests of the landlord besides collecting rent for him. A typical village chief may own a certain amount of land himself, often located at some distance from his own village. His power and strength are derived from rent squeezing and in recent years this type of collecting agent has become either a rich peasant or a small landlord. He is, of course, more than a rich peasant or a small landlord because he is at the same time the representative of the big landlord. The authority and prestige of the big landlord are often put to abuse. Any tenant who does not satisfy the agent, even in the most trivial matters, is reported to the big landlord with false charges and his leasehold abruptly terminated. During the period 1928-29, under the influence of a national revolutionary wave, a number of peasant organizations sprang up and consequently incidents of opposition to village chiefs became numerous. Since then, however, the power of these village chiefs has returned to its old status, and indeed it seems to have been further fortified.

Though cash rent and fixed rent in kind are increasing in Wei-hsien, the prevailing practice of the big landlord is still to collect a

share rent. In the collection of such a share rent, the nominal share differs from the real share. Nominally the tenant keeps half the grain crop and all the residue together with any grass-like catch crop grown specially for fuel. In reality, however, a considerable portion of the crop, under the name of Cha Liang, Ya Chang Liang and Sung Tsan Liang, is taken by the landlord before the 50-50 division is made. Cha Liang is given to the landlord as a supposed compensation for his not getting any of the residue or catch-crop—Liang meaning grain and Cha fuel. As suggested by the names themselves, Ya Chang Liang and Sung Tsan Liang go to the village chief or rent-collecting agent. These are apportioned to him on the theory that he must be compensated for all his labour and expenditure in connection with collecting—Ya Chang meaning care of the threshing floor and Sung Tsan the transporting of grain to the granary.

Just how much of the crop is taken away under these names varies in different places, but in the western part of Wei-hsien the big landlords have established a standard total amount as follows: for wheat 12 per cent of the harvest; for kaoliang 26 to 30 per cent; for millet 30 to 40 per cent, and for various kinds of beans 12 to 13 per cent. According to this scale, the tenant therefore can only keep 44 per cent of his wheat or bean crop, 35 to 37 per cent of his kaoliang, and 30 to 35 per cent of his millet. With an appearance of being both generous and enlightened, the big landlords set a limit to deductions. If, for instance, the harvest of wheat is above one *picul* per *mow*, there are no deductions before the 50-50 division is made. For kaoliang this limit is two *piculs* per *mow*, for millet two-and-a-half *piculs* and for the beans one *picul*. Since in every case the village chief oversees the actual sharing and is always very exacting, the peasant cannot get away with even a shortage of one-hundredth of a *picul*. As a gesture of encouragement, the big landlords have even gone as far as to announce in public the names of those tenants who have brought in harvests in excess of those liable to deductions. Nevertheless such measures are only effective in a very limited way because actually the tenants are so poverty-stricken that the majority of them cannot purchase sufficient fertilizer to produce the largest possible crops.

(Li Tso-chow, *The Big Landlords in Wei-hsien,* CHUNG-KUO NUNG-TS'UN, Vol. I, No. 8, May, 1935, Shanghai.)

5. DECLINE OF LAND PRICE AND DISTRESS OF THE PEASANTS IN FOPING

BORDERING Shansi and located in the north-western section of Hopei province, the district of Foping is off the main route of commerce and may be said to be purely agricultural. With eight-tenths of the land mountainous and unproductive, field production is only to be found in the valleys where, however, the rapid rivers often do great damage to the harvest as well as to the houses of the peasants. Out of the total district population of 93,378, nearly 90 per cent are peasants who have to rely on the land for their living; but they only cultivate a total of 144,600 *mow*, or less than 2 *mow* per capita. It is estimated that the entire district has an annual production of 19.64 *piculs* of wheat, 18,870 *piculs* of kao-liang, 16,800 *piculs* of millet and 12,304 *piculs* of maize. Because of this inadequate food supply, Foping has to rely on the grain import from Linchiu and Fanshih, two neighbouring districts lying in Shansi province.

There is no commercial crop worth mentioning in Foping where the annual production of cotton amounts to only 220 *piculs*. The cotton locally produced merely provides the peasant women with material for thread, but there is not enough to supply them with materials for weaving. The cloth from hand looms consumed in Foping is brought in from three neighbouring districts in Hopei—Cho-yang, Heng-tang and Lin-shuo. The estimated annual import includes 40,000 *catties* of cotton, 35,000 pieces of hand-woven cloth and 2,000 pieces of machine-woven cloth from factories.

With a small number of tradesmen, pedlars and handicraft workers excepted, no less than 20 per cent of the population belong to the landlord class. This, of course, speaks for the prevalence in Foping of small landlords. Over 40 per cent of the people are tenants; 30 per cent are owner-cultivators and only five per cent are hired agricultural labourers. Both rent in grain and cash rent are being collected, though the former is the more common.

Regarding the rent in grain, in the majority of cases this is a fixed amount, usually being 60 per cent of the average harvest. In some cases where walnuts, chestnuts, peaches or plums are growing on the leased land, 50 per cent of the crop from such trees must

also be paid to the landlord as a share rent. The collection of grain rent here as elsewhere is not exempt from the abuses of the landlord who, when taking rent, always uses a measure 10 or 20 per cent larger than the standard one. Any dispute regarding measurement inevitably results in the eviction of the tenant.

The amount of cash rent per *mow* ranges from two to seven dollars, according to the fertility of the land, but this cash rent has to be paid in advance. The local term for this is *Shan-ta,* referring to the money payment which the tenant has to give to the landlord during the winter, before he can plant in the next spring. Default of this rent payment means the loss of the lease. This rent in advance is curiously combined with a kind of labour rent because the tenant, following the tradition of the locality, still has to work for his landlord. Such unpaid work is generally in connection with a wedding or a funeral taking place in the landlord's family. Even when the landlord family decides to move in order to get away from banditry or military disturbance, it is regarded as the duty of the tenants to help with the packing and transport. The tenant often offers to labour for the landlord for fear that if he does not the latter will discontinue leasing him land.

What is locally known as *siao-peh* is simply an institution of sub-renting. Some of the tenants who have secured large leases of land do not employ the necessary labour to cultivate it, for there are plenty of potential tenants from whom they can extract rent at a higher rate than they pay to their landlords. The sub-tenants, however, are thus being doubly exploited and some of them literally face starvation after one year of work, and to these people the end of harvesting may simply mean the contracting of new debts. For a loan of 0.1 *piculs* of millet, an equal amount of wheat has to be repaid after a few months and if the loan should drag on for a year, 0.2 *piculs* of wheat is required to cover the principal and interest. Since the usual price of millet is 60 cents per one-tenth *picul* and that of wheat double this, the annual interest rate on this grain loan is as high as 300 per cent.

The hired agricultural labourers are almost without exception those peasants who are not able to secure any leased land. For those who are hired for a long term, there is a verbal contract for one or several years during which the labourer cannot leave freely. Though the annual wage is as low as several tens of dollars, this

is often much in arrears, being perhaps one of the ways by which the employer keeps the labourer in his employment. But the seasonal agricultural workers are even worse off because of their instability of employment, and the vast number of these people seeking for work keeps the wages at an almost inconceivable minimum. The day labourers or those employed by the month cannot get more than ten cents a day in addition to their food. Moreover, when the field work is prevented for half a day by heavy rain, deduction of wages is always made. In spite of all this, however, the streets are full of peasants ready to be hired early every summer morning and the sharp competition to obtain work often results in brawling and bloodshed.

One might think that the status of the owner-cultivator would be much better than that of the hired peasant and the tenant, but as a matter of fact they are also sinking economically. Two outstanding items darken the future of these cultivators, namely heavy taxation and decline of agricultural prices. Various kinds of surtaxes such as self-government fees and militia assessments have kept on increasing until the total amount of surtaxes far exceeds the main land tax. As to the price movement in the villages, there is an obvious discrepancy; while in recent years the price of maize as received by the peasants has dropped from $5 to $2.60 per *picul,* and the price of millet has dropped from $8.80 to $4 per *picul,* the prices of nearly all manufactured goods have gone up, especially the price of cloth and salt. This scissors form of price operation has greatly reduced the real income of the owner-cultivators.

To a lesser extent, taxation and the price system also work against the majority of the small landlords. Since, after all, the landlords have to depend upon rent collection, the increasing poverty and the inability of the tenant to make rent payments also gradually undermines the landlords' position. The landlords have always been the source of credit in the villages, and the fact that money is now so tight reflects their relative impoverishment. Though the ordinary interest rate has gone up to from three to six per cent per month, it is not easy in Foping to get a $10 cash loan.

In the meantime land price has rapidly decreased; the land which used to be sold for more than $200 per *mow* is now worth only $50. This simply means that the payment for a debt of $2,000 requires at least 40 *mow* of land, whereas formerly 10 *mow* might

have been sufficient. Recently many landlords have been forced to sell their land and this glut on the land market is also one of the causes of the present low price scale. There has been an evident decrease of landlord families as is demonstrated by the fact that out of some 500 families in the city of Foping, the number of absentee landlords has been reduced to 110. The entire landlord class has been affected because the prices of all kinds of useful land have rapidly dropped within the past three years. The price decline of truck garden land has been the sharpest, dropping from $220 to $50 per *mow*. In the case of wheat land the drop has been from $180 to $46; rice land from $160 to $40, and non-irrigated cultivated land from $120 to $30. Even the stony slope land, which requires a great deal of work before it can be used for cultivation, has dropped in price from $60 to $14 per *mow*.

Many of the well-to-do landlord families of Foping have sold their land and made their way to larger cities such as Tientsin and Peiping, and many other poor families have migrated elsewhere to find work. Thus within the past three years there has been a rapid decrease of population in the entire district, from over 120,000 to 93,400. Such a rapid decline of population is highly significant because Foping is a purely agricultural district, not on the main route of commerce and unaffected by any recent civil wars. This is just another indication that the solutions of the problems of any one district are very closely knit with the national problem as a whole.

(Lee Siao-ming, *A General Description of the Rural Conditions in Foping*, RURAL WEEKLY SUPPLEMENT OF TIENTSIN I SHIH PAO, 30th November, 1934.)

6. CHANGE IN LAND OWNERSHIP AND THE FATE OF PERMANENT TENANCY

LAND ownership under the capitalistic system is different from that under the pre-capitalistic system, for before the development of capitalism land was not the private property of the individual but was owned by the entire family or the clan. Furthermore, such

ownership was often considered incomplete and its transfer was subject to various kinds of restrictions. It is only where a capitalistic form of property ownership predominates that the individual owner has the right to use or destroy at will. This modern form of individual property is, of course, the premise of capitalistic agriculture. After the beginning of the 14th century, the various traditional restrictions on land transactions in England began to disappear and thus it was possible for the capitalistic large land holdings to be built up during the 16th century.

In China, at present, the amount of individually owned land property of the capitalistic type is almost negligible, the overwhelming majority of land being still the private property of the family. Traditionally, this family property and also the clan and public property cannot be disposed of by mere individual action. In nearly every district there is a certain amount of public land, either belonging to the government directly or to public charity organizations, such land being under common trusteeship which guards especially against its sale. Definite signs of change from this traditional position have appeared since 1927. Riding high on the revolutionary wave, peasant organizations and local headquarters of the Kuomintang in the Yangtse and Pearl River valleys drove away many monks and nuns from their temples during that year, and much of the temple land was thus taken away from them and sold outright, the proceeds being used to establish the local educational funds. In some districts there were even definite proposals for the sale of educationalist land which had been under the district administration for many centuries, and the reasons advanced in support of such proposals were very significant. The educational administrators and the public commissions concerned with the educationalist land argued that the proceeds from the land sales would probably draw an annual interest from the bank easily one-third in excess of the total annual rent, and this of course was true because the educationalist land always had a relatively low rent which was rather difficult to raise. Another subsidiary point in their argument was that after the sale there would be no famine or bad harvest to face and the constant difficulty of rent collection would also be eliminated.

As is well known, the clan land is not subject to sale, nor to division. The land deeds of many a clan, notably in Soochow,

Changchow, Shanghsu and Wusih, do not exist in paper form but are carved on stone tablets which are built into the walls of the clans' ancestral temples. This was an ingenious device to prevent the clansmen from robbing, selling or dividing the land. But in recent years, the management of clan land here and there has carried out its sales secretly, which only goes to prove once more that the vital forces of life are stronger than the supposedly binding character of writing on stone which now becomes only a mute testimony of the past. That the Tsao Clan in a village called Ho-tsun in Wusih has had its land reduced from 1,000 *mow* in 1930 to 300 in 1933 is only one example.

Clan land has even been openly divided in some instances, and therefore completely liquidated. Taking the An Clan as an example, this famous land holding in Ancheng in the northern part of Wusih was divided among the clan members in 1930 as a result of the common protest against the corruption of the management. In this case the manager had monopolized all the transactions of rent collection and for twenty consecutive years he had kept all the accounts hidden from the public. When finally he was forced to give up the management, except for the 150 *mow* which was set aside for the school fund of the clan, all the rest of the land of 350 *mow* was divided among the different component families. Another such incident of clan land division was with the Yang Clan in the village of Kiang-chi-chiao in April, 1932, when 800 out of a total of 1,500 *mow* were split up. Even in the clans whose land has not been officially divided, the rent proceeds are virtually controlled by a tiny minority of the clan. Thus in reality, clan land almost everywhere in China is quickly becoming the private property of the family or in some cases, of the individual.

The traditional restrictions on land transactions do not apply only to public and clan lands but also to the private land of the family. When family land is put up for sale, it has first to be offered to the members of the clan to which the family belongs, and only after their refusal to buy, can such land be sold to outsiders. The legal records of Kaoyang in Hopei, Tingsiang in Shansi, Lingtze in Shantung, Hanyang in Hupeh, Changsha in Hunan, Kanhsien in Kiangsi, Lai-an in Anhwei, Yencheng in Kiangsu, and other districts have given ample evidence of this practice. In some districts such as Kaihsien in Shansi, Choshan

in Honan, Pingchien in Jehol and Wuyuan in Suiyuan, the owners of the contiguous neighbouring fields have the priority right when land is for sale. These owners are in any case asked to be present when a sale is effected in order to give confidence to the purchaser that the neighbouring owners are satisfied. Customs vary even in the same district, in some villages the clan members having priority over the contiguous field owners and in others vice versa.

In some districts, notably in Wusih, even after the sale of family land is effected, a clan member may, by right, request the seller to cancel the sale and sell to himself. In case the original landowner did notify and try to accommodate his clan members before the sale, then the purchaser of the land will be compensated by the new purchaser, but otherwise this compensation must come from the original landowner. After the Revolution of 1911, such restrictions were not always upheld by law and indeed when the Supreme Court in Peking ignored this custom in 1913 with regard to a certain case in the province of Kirin, the definite reason given was that such a traditional restriction 'tends to block the natural economic development'. The priority right in land transaction disappeared quickly, particularly in south China, after 1927. In many places clan members or contiguous field owners are invited to be the witnesses to the land sale but this practice represents only a nominal remnant of the ancient right.

Parallel to the disintegration of public land and clan land, there is also a change in the private land property of the family. Whereas formerly the family land could in no case be sold without the common consent of its important members, now the most powerful members of the family can ignore the rights of the others and arrange the sale individually. Furthermore, whereas formerly it was regarded as a supreme social virtue to hold a common family property together without division, the apparent tendency now is to divide the family land among brothers and sisters soon after the death of their parents. This very tendency is perhaps the most important basis for the inception of the private land property of the individual.

The modernization of land holding in China is not only reflected, as above described, in the relative freedom of sale transactions but is also indicated by the increasing completeness of such transactions. The traditional view of land holding in China much resembled

that of ancient Judea, 'that land belongs to God and therefore cannot be permanently sold.' At present in China there is still an institution called 'Dead Head and Living Tail', by which the original owner of the land has the right to negotiate with the new owner after the land sale to redeem the land. This is very common on the lower Yangtse delta and even when the original landowner does not want to take back his land, he can still ask the new owner or the purchaser of the land to give him an additional amount at any time by right of a theoretical balance owing. Such customary practices however, can only be preserved when the market for agricultural land is small and limited. In a more mobile and dynamic land transaction, incomplete sales are bound to disappear and what was 'living tail' must become as dead as the head.

As far as legal records show, there are still many places preserving the practice of exacting the balance owing, such as Hocho in Shansi, Tsitung in Shantung, Kaifeng in Honan, Tuchang in Kiangsi, Yuanlin and Shunchi in Hunan, Chiendziao and Lai-an in Anhwei, and Nanpin, Changping and Shapu in Fukien. Generally speaking, however, this practice has been gradually dying out ever since 1911. Indeed the time has come in China when personal and family relations are being more and more disregarded in property ownership and land transactions. Recently, there was a case in Wusih where the new owner of land argued in the court, refusing to give the original owner the right of redemption. His words were rather significant: 'although in the land deeds there is provision for negotiable redemption, I don't see any reason for giving him the chance to redeem as I have no friendly feeling for him anyhow.'

With this general trend towards modernization, in which property ownership becomes more and more complete, the system of permanent tenancy has begun to break down. Under the system of permanent tenancy, the landlord has no right to use or abuse the land, his only right being to collect rent. On the part of the permanent tenant, there is freedom to let that permanent tenancy right and he is free to continue cultivation on that land as long as his rent is paid. Such a tenancy system is still very common in China, particularly in Kwangsi, Fukien, eastern Chekiang and southern Kiangsu. Commonly, the right of the permanent tenant is called surface right and that of his landlord—the right of

collecting rent—bottom right. The modernization of Chinese rural economy, just as it has brought about a change in land transactions, is gradually undermining this system of permanent tenancy. Such a process is perhaps similar to that which took place in Ireland at the end of the last century. In the northern part of that country there were plenty of remnants of the ancient permanent tenancy as late as the middle of the 19th century, but since 1921 they have completely disappeared.

In recent years in China, there has been a definite tendency for the bottom rights and surface rights to be combined. There are landlords who buy up the surface rights and others who sell out the bottom rights. In many cases, the landlord has to pay for the surface rights in order to use the land for building factories or houses. The sporadic attempts of peasant revolts since 1927 have compelled the landlords to give up their bottom rights, and the increasing difficulty of rent collection, together with the mounting taxes, have exerted the same influence on them. Here and there a few rich peasants who used to work on a permanent tenancy basis have been benefited by this situation because they have been able to buy up the bottom rights from their landlords. With the breaking down of permanent tenancy, the ownership of land holdings in China is becoming more and more complete and undivided.

(Wong Yin-seng, Chang Hsi-chang and others, *Modernization of Land Ownership,* an unpublished MS., dated 1933.)

7. CHIEHTUNG, THE DISTRICT OF TENANTS AND THE LAND POLICY IN 1935

FACING the Yellow Sea, and on the most eastern strip of the delta of the Yangtse River, there are four districts, Nanwei, Chwansha, Tsungmin and Chiehtung, all of which are of silt and sand formation built up in the course of centuries by the deposits from that mighty stream. Prior to 1928, Chiehtung was known as Wai-sha meaning the 'outer sand'. This land, having emerged rela-

tively recently, has always been the envy of neighbouring landlords. The highly developed monopoly of land possession by the tax collectors and landlords in this new region, has resulted in land concentration to a degree that is unparalleled in any other Chinese district.

During the Ching Dynasty, before the establishment of the Chinese Republic, all the marshy land in Wai-sha was under the care of the tax collectors of the district of Tsungmin, as it was still within the administrative sphere of that district. These tax collectors, being hereditary functionaries, have always monopolized the administration of land tax and they are sometimes in a position to misrepresent the facts of ownership. By all kinds of manipulation they have been able either to obtain the ownership of large tracts of newly cultivated land at comparatively little cost to themselves, or to exact large sums from the reclaimers of such land who, after paying these tax collectors, have been more than able to repay themselves through the collection of rent deposits from their tenants.

Permanent tenancy prevails in Chiehtung and while the landlord owns the bottom rights of the field, the tenant owns the surface rights. Either of these rights is subject to separate sale and according to the current price scale the bottom rights are about $8 per *mow* and the surface about $60. In spite of the comparatively low value of the bottom rights, and in spite of the relatively low tax payable on such land by the landlords, who furnish practically nothing to their tenants pertaining to the field work, the tenants have to pay a rent amounting to more than one-quarter of the total harvest. The surface rights enjoyed by the permanent tenants are valued at such a high rate simply because these tenants have made heavy investments in the land in the form of fertilizer, irrigation work and the benefits of labour.

The landlords or owners of bottom rights are not resident in Chiehtung, of course; most of them live on the island of Tsungmin where they were already landlords before the acquisition of this new land. During the autumn harvest season they either cross the river themselves or send an agent to set up a kind of warehouse where the tenants pay their rent in grain. According to a statement of the local Kuomintang headquarters in Chiehtung, these warehouse establishments or rent collecting centres 'much resemble the

governmental *yamen* or bureau of the traditional type.' 'The tenants who deliver the grain are subject to beating by the collector at the slightest excuse and even the local Bureau of Public Safety is used as a prison. It is also a matter of ordinary practise for the people connected with rent collection to make miscellaneous exactions from the tenants.' Not counting these extra sums, the rent proper alone in Chiehtung amounts to one-and-a-half-million Chinese dollars. This affects the entire district, for more than 80 per cent of the peasants of this new district are of tenant families.

Here an entire district is subject to the exploitation of the landlords of Tsungmin. Not only has there been no reduction of rent in years of famine or poor harvests, but the scale of rent has been constantly raised. Since Chiehtung became an independent district in 1928, the rent has increased from 80 cents to $1.50, and in some cases $2.00, in value per thousand square paces. The governmental regulation for rent payment was only to apply to those tenants not paying rent deposit, but in Chiehtung all the permanent tenants paid a rent deposit, varying in amount. Nevertheless the Tsungmin landlords completely ignored this and increased the rent. The rent is now so high and the collection system so rotten that nearly 300,000 tenants cultivating beans, cotton and maize, have been reduced to a state of virtual agricultural slavery.

During the years immediately following 1927, as an echo of the Chinese revolutionary movement, there was much talk of agrarian reform. Chiehtung, as the tenant district, has, of course, felt the need for such reform all the more keenly. The local Kuomintang headquarters in collaboration with the district agricultural association and the district educational association, after a long period of deliberation, has finally worked out a definite programme of reform. This programme announces the following four principles upon which the method of reform should be based: 1. To realize Dr. Sun Yat-sen's idea of land possession by its cultivator by creating owner-cultivators under the present system of property rights; 2. To find a solution for the tenancy problem by purchasing the bottom rights of the landlord with land bonds to be issued by the Kiangsu Provincial Government; 3. To pay back these bonds both in principal and interest by the rent collected; 4. To establish a land bank for handling land mortgages, mortgages of agricultural products, rent collection and the payment of land bonds.

In elaboration of these points, it is proposed that, with the few exceptions of owner-cultivated land, all the bottom rights should be taken by the provincial government with a certain amount of compensation in the form of land bonds. The prices given in lieu of compensation should be of three categories classified according to the locality, fertility and the income of the land, but in every case the average land price of the past three years is to be used as the norm. The total payment of the land bonds is to be made in six years with an interest of six per cent per annum. Though the payment of principal and interest should be made at the end of each of the six years, allowances may be made in the case of flood, drought, poor harvest, or the reduction of available labour power.

After the ownership of the bottom rights is taken over by the government, the original tenant would be left to cultivate the land, but instead of meeting rent payment in the form of grain or other agricultural products, he would have to pay the rent in cash. The price of this cash rent would be equivalent in value to 80 per cent of the average rent paid in the three previous years, and this would be paid twice a year, in spring and in autumn, to the government. With land tax and the necessary administrative fees deducted, this cash rent collected would be used entirely for the redemption of the land bonds. As soon as the bond held by the landlord was entirely paid off, the original tenant would receive, unconditionally, the bottom rights, and therefore would stop rent payment. In the place of rent he would pay land tax.

When such a programme of reform was made known to the general public, a great hope was entertained throughout the villages that a better day was coming. Those who had hitherto been late with their rent payments, now paid gladly and punctually. Indeed when a special provincial inspector arrived at Chiehtung, over 10,000 tenants came out to welcome him and to petition him for the early launching of the programme. But in no way does all this popular enthusiasm prove that the programme is at all feasible. As soon as the landlords in Tsungmin became aware of the proposed reform they made a declaration of protest in the local paper and accused the leading executives of the local Kuomintang and some of the district authorities of 'insidious Communism'.

The attitude of the Provincial Government was clearly shown in its reply to this proposed reform, dated 6th August, 1936, and num-

bered 2315 of the Bureau of Civic Affairs and 1375 of the Bureau of Finance. 'Since the process of acquiring new land in the region which is now known as Chiehtung District was exactly the same as in many other places in China, there is no special problem pertaining to this particular locality. Furthermore, the sale of land is a matter of individual freedom and should not therefore be restricted or limited to the boundary of the district. Should such a step be taken, the chances are that the tenants all over the province will demand the adoption of the same programme. This will not only invite an unending confusion but will surely bring about undesirable effects on the collection of land tax as well. At present when the problem of equalizing land ownership has not yet been solved, it seems too early to adopt a system whereby the land is to be owned by its cultivator. In view of this the petition should be considered at some later time.'

Shortly after this—on 29th August, 1936—a provincial government document, numbered 1647 under Finance, also urged great caution, and as a shrewd method of laying the matter aside, it contained orders for the joint consultation among the district governments, district Kuomintang, and other public organizations of Tsungmin and Chiehtung. With provincial order and with the arrival of the special provincial inspector, it seems that the proposed land reform has been forced to an early grave.

(Hsu Fong-ting, *The Tenancy Dispute Between Tsungmin and Chiehtung and "The Cultivator Owning his Land"*, CHUNG-KUO NUNG-TS'UN, Vol. III, No. 6, June, 1937, Shanghai.)

8. ATTEMPTED RURAL REFORMS NEAR WUHU

THE WRITER joined a rural reformist organization near Wuhu not far from the railway between the city and Nanking. This organization took for its sphere of activities Tao-sin-yu which is about 30 square miles in area, lying close to the Yangtse River bank. The origin of this fertile, agricultural region goes back to flood prevention, and the fields are separated by small canals inside the

river dyke. Numerous irrigation channels divide the fields into tiny plots the average size of which is 2 *mow* and the largest 6 *mow*. The environs of Wuhu have long been famed for rice production and this well watered region is eminently fitted for this purpose; in fact more than 80 per cent of the total land in Tao-sin-yu is so cultivated. This huge rice producing area, however, does not permit of the use of new agricultural machinery because of the minute lots into which the land is divided.

Here in this village of southern Anhwei, four per cent of the total population is of the landlord class possessing more than 40 per cent of the cultivated land, while 60 per cent of the peasants own not more than 34 per cent of the land. Obviously this is a village dominated by tenants who besides furnishing their own seed, fertilizer, and fodder for their field and domestic animals, have to deliver about half their crop to their landlord as rent. In addition to the rent payment, the burden of keeping up the canals and river dykes falls upon the shoulders of the peasants who, for that purpose, have to meet cash assessments and labour requisitions. Because of all this the peasants are so poverty-stricken that it is impractical to advise them to make any technical improvements in agronomy.

During the autumn harvest of 1936, a new type of threshing machine was used, but the result was not only technically undesirable, but also made the peasants more suspicious regarding the adoption of any new agricultural machinery. The failure of the new threshing machine had a two-fold cause. First, the operation of the machine required a fairly large platform in order to avoid the flying grain during the threshing. But since there was no adequate piece of ground for this purpose, such wastage was unavoidable and even when no rent was charged for the use of the machine the peasants much preferred to adhere to their old method of threshing. Second, the operation of the machine required at least three persons simultaneously, but since there was no established system of cooperation, the use of labour constituted a serious difficulty. The general situation was that a poor peasant family could not furnish three persons out of home labour at the same time, either because there were too few working members in the family, or because those who were capable of work could not be present at the same time. Certainly the peasant families could not hire

additional labour just for threshing, and while they themselves had plenty of time to thresh by the old method, the new machine offered no attractions.

Since it was impractical to have many machines, owing to the requirement of running them on a large flat surface, the majority of the peasants could not be expected to sit idle while waiting for their turn. Furthermore, the market condition and the urgency for marketing would always render such waiting detrimental to the peasants' cash position.

In the spring of 1936 several tens of peasant families in Tao-sin-yu, encouraged by the promotion campaign of the rural reformist organization, experimented with improved seed rice which was given to them without interest payments, although an equivalent amount of rice had to be returned after the autumn harvest. This again did not produce a good impression on the peasants in general, as may be seen from the following dialogue.

'What do you people think of the improved rice seed? Is it any better than the old?' So asked the promotion worker.

The peasant answered, 'You gentlemen have good philanthropic intentions and we cannot say anything against it, but the improved rice seed is too costly! Though we have not paid anything for the seed, yet we have to find good fertilizer and more labour. Furthermore, we have to take special care to preserve it which causes us a lot of trouble!'

'But,' the promotion worker asked again, 'isn't it true that you get more money by using the improved seeds?'

'Yes, that is quite true so far as those who have a good deal of land are concerned, but we who are poor have not got enough to eat, how do you suppose that we have anything left to sell?'

'You don't mean to say that you had enough left over to sell when you used the old seed, do you?'

'When we used the old type of seed, it is true, we never had enough to sell, but we did not have to put in so much labour. We peasants have a fixed programme year after year and any new design simply results in confusion and brings us a deficit in the end.'

Upon hearing this the promotion worker breathed a long sigh and said, 'How can you people ever expect to improve yourselves?'

'Yes, sir,' replied the peasant, with bitter emotion, 'there is

indeed no such thing as improvement for those who cultivate the land. Don't you know? In the year when the flood broke the dyke most people did not have anything to eat, but the wealthy families had plenty of rice and demanded a price for it of more than $20 per *picul*. The poor people had no cash and had to resort to borrowing, and for the small quantity of rice they could manage to borrow, three times as much had to be returned during the next year. In the past two years we had bumper crops but the rent has been increased. The landlords say that they have to increase the rent because of the drop in rice price. If we do not pay the rent in rice up to the increased amount, we would have to pay the equivalent in money! Is there then any chance, sir, for us to improve our conditions?'

From this very short dialogue it must be plain that the failure of both the improved machine and seeds lay not in the machine and seeds themselves but purely in the limitations of the present agrarian system.

Like other places where rural reform is being carried on, Tao-sin-yu has had its cooperatives which have met with failure similar to that met with elsewhere. Needless to say, under present conditions it is almost impossible to organize cooperatives for production. As to the cooperative for consumption in Tao-sin-yu, its scope was always very limited and only dealt with such things as tea, vinegar, salt, oil and other daily necessities. Apparently this limitation was due to lack of capital but in reality the low standard of living and the small purchasing power excluded all possibility of establishing any cooperative with a wider scope. In fact, the cooperative for consumption has encouraged purchase in general because of its system of price discounts, and this sort of encouragement has somehow hastened the peasants towards bankruptcy for it has tempted the peasants to purchase goods that landed them in debt.

It took the rural reformist organization three months' work to organize the credit cooperative in this village, but whether or not the government and bank will recognize it and extend loans is still a matter of uncertainty. The recognition and the loans, however, would hardly produce any good results for nearly all the members are illiterate and do not understand the management, besides being too poor to pay the necessary membership fees. In any event, how little the credit cooperative can help the peasant

may be seen from the fact that when the final meeting was called to organize the cooperative, a very serious question was raised by the peasants. 'The landlords,' they said, 'have definitely told us that should we join the cooperative we must pay all our debts first! Furthermore, they will not give us any future loans! Can and will the credit cooperative help us to clear up all such debts?' Such a question must be a stumbling block to those who think of the cooperative as the panacea to all China's rural evils.

Educational attempts at reform have also been made in this village and such programmes have been worked out with the supposition that ignorance, poor health, poverty and selfishness are the root of all evils. But so far this educational experiment has not had the remotest prospect of success. The fundamental cause of failure is again due to the poverty of the peasants. The common saying in this village is that 'to pursue learning for ten years can in no way compare with the acquisition of ten *mow* of land'. In themselves, the new ideas of the educational programme are excellent, but they are excellent only under suitable conditions. Unsuitable conditions can only defeat the programme itself. The reformist organization should theoretically win the sympathy of the peasants but actually the peasants react against it. When, for instance, a general survey was carried out for the purpose of an educational programme, there was much agitation among the peasants, who entertained a great fear that either labour requisitions or an increase of taxes might result.

The general suspicion and resentment on the part of the peasants are almost inevitable for there are plenty of circumstances which would put the most enthusiastic promotion worker or rural reformer in a disadvantageous position. Often the peasants pleaded with these reformists to help them to fight injustices imposed upon them by the rotten gentry and landlords. But such cases of injustice are so numerous that the reformists cannot even attempt to go into them, and in the few cases where they did, the power of the gentry and the landlord proved to be unassailable. The hesitation to help or the apparent failure of any attempt to help on the part of the promotion workers, simply destroyed, in the minds of the peasants, any vestige of faith in the sincerity of their purpose. Furthermore, these reformists not only do not get land for the peasants, but do not even show them the way to get land which is their immediate

need. The attitude of the peasants towards them, therefore, is one of utter indifference at the best.

After one year's work with the rural reformist organization in Tao-sin-yu, the writer is thoroughly acquainted with this attitude. Though the peasants have not received any real benefit from the work with which he was connected, his own experiences have given him an understanding which no university education of four years could possibly have done.

(Tao Shuan, *The Rural Reformist Work in Tao-sin-yu,* CHUNG-KUO NUNG-TS'UN, Vol. III, No. 3, March, 1937, Shanghai.)

9. LAND DIVISION THROUGH THE LAND DEVELOPMENT COMPANIES IN NORTHERN KIANGSU

IN THE vast marshy lands of the coastal regions of northern Kiangsu, north of Shanghai, special reeds grow which are used for salt production. In these regions the sea is still receding comparatively rapidly so that new reed areas are being constantly formed and the old ones are becoming more and more fertile through repeated reed planting. Cotton fields have emerged from the oldest reed areas. The purpose of land investment in these regions therefore has always been primarily agricultural and not merely for salt production.

Up to some thirty years ago salt land reclamation in Kiangsu was carried out by individual families. No field investment or irrigation projects have been possible on a large scale owing to the limited capital available. Furthermore, the land reclaimed by these families was leased out to tenants for cultivation in as small lots as in the rest of China. The first land development company for this area, the Tunghai Company, was organized in 1901, and since then many other companies such as the Tai-yu-tsin, Tai-yu, Tai-lai, Tai-fong, Yu-hua, Tai-ho, Tai-yueh, Ho-teh, Hua-cheng and Fu-tung have also been established. Some of the recent companies in the district of

Fu-ning have taken the form of cooperatives such as the Sing-hua and Tsing-hua colonization cooperatives. In many ways the economic procedure of these companies has been different from that of the individual enterprises.

Though both are essentially landlord economies, the Companies adopted the capitalistic line of development. They planned colonization on a large scale and with amassed capital were able to carry out irrigation on a large scale. With very few exceptions, these land development companies supervised salt production and crop cultivation at the same time. The former was primarily a means of reclaiming the land whilst the latter was almost completely devoted to cotton.

The total area claimed by the companies both for salt and for colonization, according to a general estimate, amounted to between 13 million and 15 million *mow*. Out of this total only two million *mow* were cultivated and the value of annual production of cotton was about ten million dollars. Because of the almost daily increase in demand for cotton in China and because of the future possibility of cotton development in these regions, cotton merchants, textile people and bankers have always shown a very great interest in the area. Although there has been no lack of technical knowledge regarding irrigation and agronomy, the whole area is deteriorating and has been doing so for a long time, and the companies being heavily indebted are either bankrupt, temporarily inoperative, or in very low water. Although many people are still optimistic with regard to the possibilities of future colonization and salt production, their attitude to present conditions is fraught with doubt and pessimism.

Undoubtedly the fundamental cause of the present impasse is to be found in the system of land division among the shareholders of the various companies. From the very beginning the shareholders took shares in the hope of acquiring tracts of land for themselves after it had been brought to a state of fertility by company management. This motive alone was enough to limit the future development of the companies' land which was bound sooner or later to be divided among the shareholders and any concentration of investment and management could be only temporary.

Under these circumstances it is no wonder that the Tunghai Company, the first to be established, was the first to set the example

of land division. The Thirteenth Article of the Company's Charter provided for a complicated system of land division. The Company's land was, by this Article, divided into several parts, and as soon as each part had been fortified by dykes and brought to a state of cultivation it was to be apportioned to the shareholders according to the number of shares held. Certificates for these land shares were to be given to the shareholders and ten years later each shareholder was to have the option of exchanging this certificate for the land deed by virtue of which he would, of course, become his own manager. This Charter, which was drawn up in 1901, was criticized by the President of the Company who was the Minister of Agriculture and Commerce towards the end of the Ching Dynasty. He did not object to the land division for any economic reason but rather on political grounds. He looked upon the land company as the best basis for developing a local democratic government.

Due to his influence a resolution which nullified the provision for land division was indeed passed at one of the Company's meetings. 'So long as the Company exists all the land shall remain undivided. Any shareholder recommending land division must be considered as undermining the whole Company's business.' Eight years later, however, this resolution was rescinded, for in 1915 at the Third General Meeting of Shareholders it was decided by a vote of 915 to 541 to divide the land. Accordingly, 40,000 *mow* were divided, ten *mow* to each share. In spite of debates at subsequent meetings during the next fourteen years, a second land division took place in 1928, this time twelve *mow* being allotted for each share. In this case there were no certificates as on the previous occasion, but the shareholders were given permanent land deeds on allotment.

The question now arose as to whether the Company or the shareholders themselves were going to collect rents and pay taxes. During the next few years the Company was given management authority with a definite fund allocated for this purpose. In 1934 more specific regulations were introduced. The shareholders were now to receive the rent from their specific piece of land instead of a proportion from the total rent income. For each *mow* 20 cents was fixed as the charge for management by the Company, but in the case of an increase in the area of land entrusted to the Company for management this charge was to be reduced. Rent distribution

was to be effected not later than six months after collection, and rent collected was on no account to be appropriated by the Company. As the Company still managed land that had not yet been allotted to the shareholders, it still had an income other than rent, but the net profit from this land to be distributed among the shareholders was to be reduced from 6.5 per cent to 5 per cent. All these specific regulations were apparently to guarantee the rent income, to reduce the burden of the land-owning shareholders and to encourage them to give the land management to the Company.

After the second land division, however, in 1928, many land-owning shareholders began to collect rent and pay taxes independently. The Company's appeal for common management, as expressed in the 1934 regulations, was really too late. Independent and separate management were probably unavoidable anyhow. According to the Company's statistics of 1935, from the total area of 97,762 *mow* under cultivation only 9.3 per cent remained as collective property, not more than 22 per cent was allotted but still under the Company's management, and the land under independent ownership and management already amounted to 68.7 per cent. In fact in 1930 at the Company's Eleventh General Meeting of Shareholders it was proposed but tabled that the Company should be dissolved and a new organization formed to take over the small proportion of land still undistributed.

It was really immaterial that this proposal was not carried. The significant fact was that since 1915 both the principle and practice of land division had been adopted by all the land development companies in the salt and colonization areas. This system was most tersely set forth in the Charter of the Tai-fong Company which stated that there should be 'periodic land division, . . . that division should keep pace with cultivation', 'so that as soon as all land . . . is cultivated, all land is divided'.

Owing to the desire on the part of the shareholders to acquire land quickly by means of the Company, real colonization was neglected from the outset. Every land development company did its best to acquire a maximum of land already under cultivation and to include a minimum of uncultivated land. The most outstanding example is that of the Tai-yu-tsin Company. This Company was organized in 1913 and carried out its first land division in 1916. Out of 32,425 *mow* already under cultivation, more than 80 per

cent was divided among the shareholders. While the Company still held 28,140 *mow* of uncultivated land, it was almost unbelievable that in the brief space of three years more than 50 per cent of the Company's land had been brought to state of cultivation. In fact the taking of cultivated land by the land development companies was the cause of many legal disputes between the companies and the original owners. In these disputes the companies of course had the advantage, owing to their financial backing.

There was one company that was already heavily in debt, but the land division was carried out even whilst new debts were being contracted. The increasing indebtedness quickened the process of land division which, in turn, limited the resources of the company, thereby creating further debts. The burden of the debts had naturally to be shared by the shareholders who then demanded the division of the uncultivated land, sometimes even including that which was undrained, in addition to the cultivated land. It was not long before this resulted in the company's being broken up into a number of smaller companies, in one case as many as fourteen. These fourteen companies were really fourteen separate groups, each with its own responsibilities. Apparently this made it easier for the shareholders to put a definite limit on the debts for which they were to be responsible.

From the company records it is difficult to identify the shareholders, who in the majority register under the names of their houses, pseudonyms and multiple names. The breaking up of the land development company and the practice of land division during the company's lifetime obviously scattered the land ownership. However, in spite of this scattering of land ownership, most of the land was in the hands of the minority as will be seen from Table 6.

Here we see that 76 per cent of the landholders, with holdings of less than 100 *mow*, own only 7.17 per cent of the land. On the other hand, 56.86 per cent of the land is in the possession of only 1 per cent of the total land-owning families. Such a degree of land-owning concentration surpasses that of any district where land development companies have never operated. What began as an effort toward collective ownership has resulted in private property on a huge scale.

Concentrated as land ownership is, a large part is in the hands of tenants. Take the land of eight villages originally belonging to

the Tai-yu-tsin Company, for example. The land leased out by the landowners after land division is 81.5 per cent of the total cultivated land in these villages. These tenants are 89 per cent of the village population. They are so numerous that 3,919 families rent 103,475 *mow*, which means that the average area rented by each family is only 26.5 *mow*. The other companies after land division show a similar concentration of ownership, a similar scattering of cultivation and equally small areas rented to tenants.

TABLE 6. LAND HOLDINGS OF THE TAI-YU-TSIN COMPANY IN 1935, AFTER DIVISION

Groups by mow	*Areas of Landholdings*		*Number of Landholding Families*	
	Mow	*Percentage*	*Families*	*Percentage*
Less than 25	450	0.20	35	5.87
25.1 to 100	15,425	6.97	416	69.80
100.1 to 250	9,169	4.14	56	9.39
250.1 to 500	13,636	6.16	37	6.21
500.1 to 1,000	18,268	8.25	25	4.20
1,000.1 to 5,000	38,561	17.42	21	3.52
5,000.1 to 10,000	16,213	7.33	2	0.34
10,000.1 to 50,000	109,649	49.53	4	0.67
Total	221,371	100.00	596	100.00

The past experience of the land development companies in northern Kiangsu has clearly shown the following four points:

1. Under the system of land division, a system which resulted in division as soon as land was cultivated, there was an inevitable tendency to keep the shares of the company down to a minimum number, and to acquire as much land as possible for cultivation, the aim of course being to have the maximum area attainable for allotment to each share. According to the investment regulations of the Tai-fong Company, 400,000 *mow* was given as the original area of land to be acquired for development, but if the area finally acquired should exceed this figure by 100,000 *mow* or less, no additional shares were to be issued. If the additional area acquired exceeded this amount then the question of issuing new shares was to be decided by a general meeting of the shareholders. The Minutes

of the Meeting of the Promoters of the Tai-kang Salt and Reclamation Company in 1917 record a conversation to the following effect: 'Since there must be a certain portion of the Company's land already cultivated, any uncollected amount of the shares can be made good by the sale of unimportant pieces of land already under cultivation. This obviates the necessity for issuing additional shares and in fact the number of shares originally issued will be decreased. Though the area of land and the number of shares held are thus both decreased, the anticipated area per share, on land division, will remain approximately the same.' This tendency to limit the shares simply means a direct limitation on the capital to be invested.

2. The system of land division by the company tended to decrease the accumulation of capital. In fact most of the capital available for irrigation and reclamation came from rent deposits and rent payments collected by the company. After the division of land to the shareholders even this income was not available for spending on improvement and development.

3. This system induces the shareholders of the company to urge the establishment of the company's headquarters in the cultivated territory and also to acquire as little uncultivated land as possible. They hope that in this way land division will be carried out before a long lapse of time. Since the land already under cultivation, in many cases, is only nominally governmental, being in reality worked by private cultivators, legal disputes over land ownership have become inevitable. According to the 1921 report of the Tai-kong Company, it had been involved in such a dispute for three years, during which there had been over ten peasant riots and threats of riot, which had cost the Company over $140,000 as they had to resort to the hiring of military forces to meet the emergency. Such expenditures led a number of land development companies into debt.

4. Because of the system of land division, the companies have not contributed to any improvement of agriculture nor to any reform in the system of tenancy. After the land is divided the progress of irrigation work is naturally hindered because the division of land property does not encourage the common task of improvement. None of the shareholder landlords have taken the trouble to improve their own land but have all leased their land at the first opportunity

for the sake of the rent. There has not been the slightest intention or possibility of changing the prevailing system of tenancy.

Of course the general condition of the salt and reclamation region cannot be explained fundamentally by this system of land division, because this system is not an isolated phenomenon but a necessary manifestation of the present stage of China's agrarian development. The economy of this newly opened region cannot escape the direct and indirect effects of the general framework of Chinese national economy.

(Chen Hung-tsin, *The System of Land Division Among the Shareholders of the Companies in the Kiangsu Salt and Reclamation Region,* QUARTERLY REVIEW OF THE SUN YAT-SEN INSTITUTE FOR ADVANCED CULTURE AND EDUCATION, Vol. IV, No. 1, 1937, Nanking.)

10. THE AGRARIAN SITUATION IN PAOTOW

THE DISTRICT of Paotow situated in the heart of Suiyuan province represents, in every way, the frontier region of Chinese agriculture. In more ways than one—the scarcity of the population, the fertility of the soil, the concentration of land ownership, the lack of agricultural capital and the overwhelming power of rent and interest—this part of Suiyuan closely resembles the lower Sungari region in north-eastern Manchuria. Before 1911, western and middle Suiyuan were almost exclusively inhabited by the Mongolian nomads, and although the area was dotted with villages, there were only ten or twelve families in each. Chinese immigrants began to move in on a large scale after the extension of the railway from Kalgan to the city of Paotow and as a result of the increased population and agricultural enterprises, the administration of Paotow became independent of the original district of Saratsi. In 1923 Paotow was only a sub-district but three years later it became a full-fledged district.

Undoubtedly the railway link between Hopei and Shansi, to the east and south-east, and this new frontier region has been the basic

factor in the economic development of Paotow. The city which is the present railway terminus is less than three miles north of the Yellow River loop, and is the distributing centre for the entire middle and western parts of Suiyuan, for the imported goods from the Mongolian Peoples' Republic and from the coastal region reached through Tientsin and Peiping. Evidently conditions are still unfavourable for rapid settlement, for in spite of the well-known fertility of the virgin soil, the entire area of Paotow (47,400 sq. *li*) is now inhabited by only 17,300 families, with a total population of about 70,000. Of this total population no less than 20,000 live in the city. At least 35 per cent of this city population are opium addicts, since opium has come to be commonly grown in Suiyuan and the price of the drug is relatively cheap.

A normal and prosperous process of internal colonization has not been possible in this region, due to many economic and political obstacles. To begin with there was the interruption of commerce with Outer Mongolia after the establishment of the Mongolian Peoples' Republic. This alone reduced the number of shops in Paotow engaged in the Mongolian trade from 500 to 11. Then there was military devastation due to the march of Chinese troops from the north-west towards the Peiping and Tientsin area in 1926. This was followed by successive droughts in the next two years. The later catastrophic drop in the value of the Shansi paper money also wrought havoc on the economic life of Paotow, and the Japanese military campaign in eastern Suiyuan in the winter of 1936 only made matters worse. Still a more fundamental obstacle to the development of Paotow is the land monopoly in the hands of the bureaucrats, merchants and landlords.

The original Mongolian community land and the land of the Mongolian princes has been gradually usurped and is practically under the control of the Chinese administration. A separate Land and Colonization Bureau has been set up for the sale of the Mongolian princes' land and there is a branch bureau in Paotow. Officially, all land purchases must be transacted through this bureau which retains 30 per cent of the proceeds of the sale for maintenance and takes 35 per cent for the main bureau, leaving only 35 per cent to the original Mongolian landowner. Actually, however, Chinese landlords and merchants often bribe the Mongolians and make a direct land deal. By this underhand method both the old and new

owners stand to gain. There have been other cases when the all-influential high officials or military commanders have simply made enclosures and then sold the land by retail. While the usual retail price of land is about $100 per 100 *mow*, the official price set up by the bureau runs up to $120 per 100 *mow*. Thus, the bureaucratic monopoly of land sale robs on both sides, first from the purchaser by high price and then from the owner by a high commission.

Partly because of this monopoly of land sale and partly because of the bureaucratic corruption, the concentration of land ownership has become firmly established. It has not been unusual for a powerful bureaucrat or one of the influential gentry to acquire land through the Land and Colonization Bureau by payment of a small nominal fee. This process of land acquisition is exactly the same as that which has taken place in north Manchuria. No wonder then that there are big landlords in Paotow, some of whom own as much as 400,000 *mow*. The biggest landlords, however, are the bureaucrats and merchants who reside in Peiping and Tientsin. These absentee landlords leave the management to their agents, who themselves are Paotow landlords.

Since the large majority of the peasant immigrants who have come to this region have been poor peasants or simply hired agricultural labourers, they have been forced to become tenants and are easily dictated to as regards rent payment by the rent collectors or the landlords. As share rent is the most favourable to the landlord, due to the scarcity of farm hands and the progressive increase of the harvest, it is this form of rent, instead of fixed rent in kind, that prevails in Paotow. Generally speaking, the landlord received 20 per cent of the total harvest as his share from the newly cultivated land, and 30 per cent from the well improved land. Occasionally landlords take only 10 per cent from the newly cultivated land with a gradual increase every few years to 20 or 30 per cent. Not a few places, however, witness a share rent which gives the landlord 40 per cent of the produce. There used to be a time when a 50 or 60 per cent share rent was taken by the landlord or his agent, but this practice is now on the decline due to banditry and famine and the consequent reduction in the number of the tenants.

The practice of rent collection varies with almost every village, but usually the harvested crop is done up in sheaves and then divided

according to the share ratio; and only after the landlord receives his share, is the tenant allowed to remove what is his. The burden of the tenant is by no means limited to rent. Though he is not responsible for the main land tax, he has always to pay a portion of the surtaxes and the multiform requisitions. The total tax on land in Paotow amounts to $70 per 100 *mow* and more than half of this is put on the shoulders of the tenants. This double burden of rent and tax has already reduced many tenants to a state where they are tool-less, homeless, agricultural labourers. Yet, under the present circumstances, there is no possibility of large-scale farm management which would absorb such labour power.

The resident landlords in Paotow, as elsewhere in China, collect rent in kind, corner grain and maintain shops. Furthermore, they practise usury either in the form of grain or in the form of money. Several years ago the interest rate was doubled each year that the loan was overdue but this practice was discontinued owing to the uncertainty of social conditions and the mobility of the peasantry. Now the usual monthly interest is three per cent with three months as the limit of time for the loan, although some loans are made at five per cent per month for five months. The prices demanded by the village shops are always exorbitant because the shops are owned by the landlord merchants. Sugar, for instance, is sold at 40 per cent more than in the city, and cotton yarns at 100 per cent more. Often merchandise and grain are given out on credit and money loans are paid back in agricultural produce, thus the landlord makes a double profit by turning goods to money loans and then having these loans repaid by goods. Apparently the monopoly of land is the basis of the monopolistic control of the whole rural economic life and this is more clear in a frontier region than anywhere else in China.

(Pong Zuan-shu, *Tenancy and Usury in the Paotow Villages,* THE EASTERN MISCELLANY, Vol. XXXII, No. 6, 16th March, 1935, Shanghai.
Chen Han-seng, *Travel Notes,* unpublished).

II. FARM SETTLEMENTS NORTH OF THE YELLOW RIVER IN WESTERN SUIYUAN

AS THE Yellow River runs directly northward, it forms the boundary line between Ninghsia to the west and Suiyuan to the east, but as soon as it reaches the district of Lin-ho in Suiyuan it turns eastward cutting the province into two parts. After leaving Suiyuan, the Yellow River flows directly southward to divide Shansi from Shensi. The rectangular area enclosed by this huge loop of the river is known as Ho-tao, or the River Loop. As is indicated by the common saying in China—The Yellow River can do a hundred kinds of damage but its one loop is filled with potential wealth—this region of Ho-tao is an excellent place for farm settlements.

Up to three and a half centuries ago the Yellow River was divided in a fork from Lin-ho, and the area within the fork was always known as the 'rear loop'. For the last three hundred years or so, however, the northern fork known as the Ookai river has been partially dry and is now entirely cut off from the main stream. As the southern fork is now the main stream of the river, the land to the south of it is known as the 'front loop'. The area of the rear loop, which has the advantage of many canals running from the Yellow River to the Ookai river, is by far the richest land and certainly forms a much superior region for settlement than the front loop.

Both of these loops had come under Chinese influence as early as the eighth century B.C. In about 210 B.C., the Chinese Emperor organized a Prefecture and several districts in this region to which he directed peasant settlement from the interior. This was followed by a period of over two centuries during which the region was dominated by the Huns, but in the third century A.D. the Chinese drove out the Huns and reconsolidated the administration, and it was at that time that large scale canal construction was begun. Until the 14th century, however, this territory was alternately in the possession of Chinese and Huns. Thus when the Wall was built in the Ming Dynasty, for Chinese national defence, it was built south of the front loop, which was an admission of the abandonment of the fertile land north of the Wall.

The fertility and potentiality of the loops could not escape the attention of the Chinese and about 200 years ago one group after another of fisherman, merchants and peasants of Hopei and Shansi went out unassisted by the government to establish their new homes in the area. In the 1890's, following this migration, came a distinguished intellectual named Wong Tung-chun who virtually created a kingdom of wealth by his life-long efforts of soil investigation, canal building and agricultural experiments. As more and more Chinese peasants flocked into this territory the government was forced to take a serious view of the whole situation. The Governmental Bureau organized for the supervision of farm settlement was, however, a direct hindrance to the enterprises of Wong Tung-chun, because official corruption in those days could not but stifle any kind of private initiative. Indeed the rights and benefits which the early settlers obtained as a result of their hardships and perseverance were gradually taken away from them, and in the meantime waterworks were neglected and, here and there, farming had to be suspended. In spite of this sad experience, however, because of the work of Wong Tung-chun, three districts came into existence which were destined later to become some of the richest in China's northwest. These are An-pei, Wu-yuan and Lin-ho.

The Catholic Missions from Europe came to this part of Suiyuan as early as 80 years ago and during the Boxer Movement, the Mongolians in Suiyuan responded to the call and several catholics were killed by them. The Boxer Indemnity allotted to the Roman Catholic Missions there was chiefly used in new canal construction which resulted in an increase of cultivated land as well as of mission stations. Because the fathers were not afraid of meeting the officials and mediating with them on behalf of their church members and also because of the fact that the mission houses have often offered the peasants an asylum from war and banditry, large numbers of the local peasantry have gladly embraced the Roman Catholic faith. In Lin-ho, for instance, nearly half of the cultivated land of the entire district belongs to Roman Catholic Church members. It is said that people out there may not recognize any relation to the government; their only connections are with the church missions.

Nearly twenty years ago Chinese scholars such as Chang Hsiang-wen and Wong Hung-yi promoted and administered the enterprises of farm settlement in this region much after the fashion of Wong

Tung-chun, but their efforts also met with failure, partly owing to banditry and partly owing to unsound management. At present one can find only four settlement organizations in the rear loop which are still working assiduously to open up new land. It seems that all four are hoping for some success in the future and they therefore seem worthy of a brief description.

First, there is the farm settlement promoted by General Yen Hsi-shan in 1929. It really began with an agricultural experimental station south-east of the city of Saratsi, which is situated near Pao-tow and is on the Peiping-Suiyuan railway. When General Yen contributed $60,000 towards this station, the chief purpose as announced was to carry out extensive farming and organize new agricultural villages. Much emphasis was laid on the improvement in farming methods and an expert from the Agricultural Faculty of the Nanking University, Professor Jen Cheng-tung, and his associates were invited from the very beginning to supervise new agricultural machinery.

It was not very long before the whole thing was threatened with failure because, though the new machinery did save time and labour, its use could not be continued in a society where wages in general are on such a low scale. Indeed it was found that the cost of fuel for the machinery actually exceeded the combined cost of human labour and animal labour in the locality. Before long, therefore, the old way of opening up the land by man power became the practice, and the machinery was only used as a supplement. Despite this cheap labour, however, there were further difficulties owing to political disturbances and the government's uncertainty as regards finance. Aiming at the final solution of this problem, the enterprising people engaged in this farm settlement finally decided upon a ten-year plan of reconstruction according to which the first five years would be spent in opening up new land and the second five in completing projects for the organization of new villages. The total annual expenditure during these ten years was to be met by the income from the agricultural produce and the surplus was to be divided into bonuses and funds for reinvestment. Furthermore the governmental funds already sunk were to be repaid by instalments after the organization of the new villages had been completed. The entire settlement, however, is as yet very small, comprising at present only 200 peasant families, totalling 1,000 persons, and apart from 2,000

mow of seedling beds and alfalfa fields, there are only a little more than 20,000 *mow* of cultivated land.

Second, there is what is known as 'soldiers' colonization' sponsored by Generals Yen Hsi-shan and Fu Tso-yi. In 1930, a special Bureau was organized called the 'Supervisory Bureau of Military Settlement in Suiyuan' and since then four regiments of soldiers and three companies of retired military officers have been sent to the districts of Wu-yuan and Lin-ho to open up and cultivate the new land. The retired military officers, referred to here, were really ex-service men who had been long without employment and in need of relief. This farm settlement is divided into fifteen sub-districts which are widely scattered. It is well financed by the government and, as has been said in official circles, it may be utilized by General Yen to carry out his experiment on village ownership of land.

Third, there is a movement for farm settlement which from the very beginning has been non-governmental. It originated from the need of peasant refugees from the flood of the Yellow River in 1933 to seek a living in a new locality. Some scholars and gentry such as Ko Chung-siu and Tuan Cheng-tse, initiated the organization of the Hopei Migration Society for the purpose of assisting the flood refugees in the southern part of Hopei Province to settle in Suiyuan. At the beginning only 100 families were selected and sent to Paotow by this society. Tuan Cheng-tse had retired from governmental service in 1929 and went into business in Paotow where he opened a flour mill and experimented for the improvement of rice culture on his land. He always greatly envied the apparent success of the catholic missions in maintaining order and prosperity. After he had proposed and actually assisted the Hopei peasants to organize new villages in Paotow with each family given 100 *mow,* he directed some new settlements in Wu-yuan in 1935. At the beginning, people had not had much faith in the Hopei Migration Society but later as the peasants from the new settlements remitted money back to Hopei, real enthusiasm for migration to Suiyuan was aroused. In connection with farm settlement under the auspices of this society a new educational programme has now been worked out, which is regarded as the kernel of social reform in those new villages.

Fourth, and lastly, there is a farm settlement located in the district

of An-pei, just between Wu-yuan to the west and Paotow to the east. This was organized by the North-West Migration Committee, headed by a famous Kuomintang leader of Liaoning (the southernmost Manchurian province), and its chief purpose was to assist the peasant refugees from the north-east. Since the Mukden incident in 1931, many Chinese tenants have been evicted from their farms and have had to seek relief elsewhere. This accounts for the origin of this committee in 1934. At present, under the auspices of this committee, about 20,000 *mow* have been brought under cultivation and bordering this farm settlement to the north-east there is also a very good fishing and hunting region offering further opportunities to the new settlers. As an experimental programme, the committee has a five-year plan during which the settlers are to produce and consume collectively. It is said that the peasants here are undergoing strict discipline and very little personal freedom is left to them.

Though these four farm settlements in the rear loop vary greatly in their organization and purpose, they all seem imbued with the spirit of creative effort and a real determination to succeed. They certainly deserve the full sympathy and support of the general public, and if the government could reduce the number of bureaus and taxes in order to lessen the burden of the peasants, and also if the government could buy up the land of the big landlords and give it to the tenants at a reasonably cheap price then the speed at which the land is being opened up would be much quicker. There is, of course, much to be done in order to avoid the previous failures of farm settlement such as that seen in the 19th century, during the Ching Dynasty.

(Ku Chi-kang, *Farm Settlements in the Rear Loop*, Shun Pao (Weekly Forum), 25th April, 1937, Shanghai.)

12. LAND OWNERSHIP AND LAND CULTIVATION IN YUNNAN

NEXT to Szechwan, Yunnan is the largest province in China. Lying to the extreme south-west, it is one of the most mountainous regions of the country and its cultivated area does not exceed ten

per cent of the whole. The Rural Rehabilitation Commission of the Executive Yuan in Nanking ordered, in 1934, a field investigation of the agrarian situation in this province and for this purpose five typical districts were chosen. Firstly, the more thinly populated district of Malung was taken as an example of the wheat area. Here there is very little irrigated land and the peasants cultivate not only wheat, but also other miscellaneous crops of lesser value which are primarily used for their own subsistence. As the district is traversed by the highway from Kunmin, the provincial capital, to Kweichow, it was at one time commercially prosperous, but its trade has declined since the opening of the railway from Kunmin to Indo-China. The second district investigated was that of Kaiyuan (Ahmie), through which the railway runs. Except for the vicinity of the railway, this district is largely inhabited by the Miao tribe, the aboriginal and more primitive people of Yunnan. The dominating crop of Kaiyuan is not wheat but rice though the cultivation of sugar cane is also extensive.

Certainly the key economic area of Yunnan is the plateau on which Kunmin is situated. Like the Chengtu plain, this place is also well irrigated by its lakes and rivers and is chiefly devoted to rice cultivation. This Kunmin region, of more than 20 districts, is regarded as one of the most fertile agricultural areas in China and the Miaos form only a very small minority of the population. In contrast to the regions where Malung and Kaiyuan are situated —regions where there are less than 50 people to a square mile—the density of the population on this plateau is as high as over 400 per square mile. The agrarian relations here would seem to be a good parallel to those in the delta regions of the Yangtse and Pearl rivers where rice is also the dominant crop. The field investigation in 1934 included Lo-fong and Yu-chi besides Kunmin as three districts representative of the plateau.

It is true that in Yunnan the family ownership of land rarely exceeds 500 *mow,* though the *mow* here is often as large as the local *mow* in Shantung and therefore considerably larger than the *mow* of the delta regions. Even as regards the family ownership of over 200 *mow,* the number of families is very small. There are, for instance, only four such families in Yu-chi and fourteen in Lo-fong. On the other hand, however, there is still a considerably large amount of public land, temple land and clan land in every district.

Though such categories of land have never yet been investigated, from a general estimate it is safe to say that most of the districts have ten per cent of the cultivated land that is not owned, at least nominally, by any private family. It would seem then that the existence of big landlords is a reality.

Nearly all landlords of any size in Yunnan are absentee landlords and thus in the field investigation neither the number of their families nor the number of *mow* they possess were obtainable. What is known as a partial landlord, who cultivates a part of his land and leases out another part, is in reality the rich peasant in Yunnan. Nearly all such partial landlords in the districts investigated employed agricultural labourers by the year and in addition 75 per cent of them kept working animals. They were considered partial landlords only because they leased out 2 to 12 per cent of their land. Under the present conditions, what is called an owner-cultivator in Yunnan, may be regarded as the middle peasant. But both the tenants and the partial tenants (partial owner-cultivators) whose general economic status is inferior to that of the owner-cultivator, can only be considered as belonging to the category of poor peasants. It has been found that more than half of the so-called partial tenants in Yunnan have had to lease in 40 per cent of the land that they cultivate.

In the light of the above classification, the composition of the Yunnan villages may be illustrated by the following figures:

TABLE 7. PERCENTAGE DISTRIBUTION OF PEASANT CLASSES IN YUNNAN VILLAGES

Classes	*Kunmin*	*Lo-fong*	*Yu-chi*	*Malung*	*Kaiyuan*
Rich peasants	2.30	8.00	4.00	2.40	2.00
Middle peasants	22.10	31.90	36.00	33.30	10.20
Poor peasants	73.30	56.50	43.00	53.70	73.50
Hired labourers	2.30	3.60	8.00	7.30	14.30
Others	—	—	9.00	3.30	—

One needs only to compare the percentage distribution of classes as given above with the percentage distribution of land owned by them to see the apparent disparity in ownership. Without taking into account the land owned by the landlords, the land distribution among the peasant classes is as shown in Table 8.

Because of the fact that about 80 per cent of the cultivated land belongs to the landlords, most of them absentees, the total ownership of all peasant classes cannot be large. Indeed, the average land ownership per peasant family is surprisingly small. The owner-cultivators, or in the case of Yunnan, the middle peasants, rarely own more than 20 *mow* per family and about half of the middle peasant families own less than five *mow* per family. In Kunmin, 54 per cent of the middle peasants own less than five *mow* per family, 43 per cent own from five to 10 *mow* per family, and only 3 per cent own more than 10 *mow*. Of the middle peasants 43 per cent in Lo-fong and 46 per cent in Malung owned less than five *mow* per family. Those owning between five and 10 *mow* per family amount to 25 per cent in Lo-fong and 34 per cent in Malung, and those owning more than 10 *mow* to 32 per cent in Lo-fong and 20 per cent in Malung. Even the rich peasants have a small average ownership per family, only a few of them having more than 50 *mow*. One-fourth of the rich peasant families in Kunmin and one-third of them in Malung have an average ownership per family of from five to 10 *mow*. The smallness of land ownership on the part of the rich peasants presents a definite check to the potential extension and improvement of agriculture.

TABLE 8. PERCENTAGE DISTRIBUTION OF LAND AMONG PEASANT CLASSES IN YUNNAN VILLAGES

Classes	*Kunmin*	*Lo-fong*	*Yu-chi*	*Malung*	*Kaiyuan*
Rich peasants	10.90	37.00	28.00	13.00	14.00
Middle peasants	40.00	31.00	48.00	55.00	30.00
Poor peasants	49.10	32.00	24.00	32.00	56.00

It has been found that in the period of six years from 1928 to 1934 the absentee landlords in Yunnan increased and the number of rich peasant families decreased. Despite the decrease in families the rich peasants have increased their land possession and, as an example, the average ownership per family with these peasants rose from 11.78 *mow* to 12.2 *mow*, or 4 per cent, in six years. On the contrary, both the owner-cultivators and the partial tenants, in the same period, had their total land ownership decreased despite the increase in the number of their families.

This process of polarization in land possession was inevitable because of the rising land price on the one hand, and the increasing indebtedness of the middle and poor peasants on the other. In the district of Yu-chi there was an increase of 15 to 34 per cent in land prices in the six years preceding 1934, and by that year the medium-grade land for rice was valued at $75 per *mow* on the average, the high-grade land at $99, and even the poor-grade land at $44. In Malung there was a rise of 30 to 80 per cent, and in 1934 the average land prices per *mow* were $11, $27 and $44 according to the grade. In Kaiyuan, which is on the railway, land prices rose from 50 to 75 per cent in those six years, until they were $54, $87 and $114 respectively by 1934. Though the extent to which land prices were increased in Lo-fong and Kunmin was unascertainable, the average price per *mow* by 1934 in the former district ranged from $56 to $141, while that in the latter ranged from $66 to $134.

TABLE 9. PERCENTAGE DISTRIBUTION OF CULTIVATED LAND TILLED BY PEASANT CLASSES IN YUNNAN VILLAGES

Classes	*Kunmin*	*Lo-fong*	*Yu-chi*	*Malung*	*Kaiyuan*
Rich peasants	5.00	16.00	10.00	7.00	0.30
Middle peasants	22.00	27.00	33.00	43.00	4.00
Poor peasants	73.00	57.00	57.00	50.00	95.70

Not only were the middle and poor peasants unable to acquire land in the face of the rising prices, but they were not even able to retain, in many cases, the land that they already had. The field investigation showed that 44 per cent of the tenants in Kunmin and 40 per cent of the partial tenants in the same district, were in debt. Many of these indebted peasant families mortgaged their land at about 60 per cent of the land price. Through this mortgage, the land passed into the hands of the gentry and merchants in the cities and trading places. In the six year period 1928-34, therefore, the average land ownership per family among the owner-cultivators was reduced from 4.5 *mow* to 4.45 *mow*, and among the partial tenants in Kunmin it was reduced from 2.91 *mow* to 2.86 *mow*.

The contrast between ownership and cultivation, or beween land possession and tilling, in the districts investigated in Yunnan, is of course a common phenomenon throughout China. When the percentages as shown in Table 9 are compared with those regarding

the distribution of the peasant classes and the distribution of land ownership among them, it will be seen that though the rich peasants occupy three per cent of the village population, they possess 10 per cent of the land belonging to the peasantry as a whole, but they only cultivate less than a half per cent of that land. Similarly while they occupy eight per cent of the population, they own 27 per cent of the land, but cultivate only 16 per cent of it.

There is a clear indication that the poor peasants do not own enough land for cultivation. Though they form 73 per cent of the total and possess some 60 per cent of the land, they cultivate less than 80 per cent of it. Though they form about half the population and possess less than one-third of the land, they only cultivate half of the land belonging to the whole peasantry. That the poor peasants do not have enough land to cultivate is also true, as may be seen from the fact that 60 to 80 per cent of the tenant families in the districts investigated cultivate less than five *mow* per family and that 40 to 60 per cent of the partial tenant families also cultivate less than five *mow* per family. Even the middle peasants, referred to in the reports as owner-cultivators, cultivate small patches of land. The owner-cultivator families, tilling on an average less than five *mow* per family, occupy as much as 43 per cent of that class in Lo-fong, 46 per cent in Malung, 54 per cent in Kunmin and 87 per cent in Yu-chi.

The phenomenon of land hunger is easily understood. Whereas an able-bodied peasant in Yunnan can cultivate five *mow* in a year, the actual number of *mow* cultivated by him is far below this figure. The average size of cultivation per capita among the owner-cultivators in Kunmin is found to be only 1.78 *mow* which simply means that not more than 36 per cent of the potential labour power is being utilized. When the owner-cultivator families of less than five *mow* are considered alone, then the cultivation per capita is 1.18 *mow*, which represents 24 per cent of the potential labour power. The unemployment of labour power due to the lack of land is even more acute among the tenant peasants. In Kunmin the average size of cultivation per capita among the tenant families is 1.31 *mow*, which means that 26 per cent of the potential labour power is utilized. In the case of tenant families cultivating less than five *mow* each, the average per capita cultivation is as little as 0.95 *mow*. In other words, the majority of the tenants, and therefore often the

majority of the peasantry, are only able to use 19 per cent of their potential labour power.

It is difficult to assume that whatever labour power not employed in the fields is to a large extent absorbed by handicrafts and other auxiliary occupations. The non-crop income of the rich peasants in Kunmin averaged in 1934 only $97 per family and that of the tenant families or poor peasants $40 per family. In the case of the rich peasant, such auxiliary incomes were derived from business profits, rent and other earnings, but in the case of the poor peasants most of the $40 average was from the wages which they received from hiring themselves as day workers in the fields. The rate of such day wages in Kunmin is 27 cents for the men and 40 cents for the women in the slack seasons and 40 cents for the men and 50 cents for the women in the busy months. The women workers employed in the field have also to do domestic work, receiving nominally higher pay. Aside from the temporary field employment, the poor peasants usually seek an opportunity to augment their income by collecting firewood, peddling small merchandise, fishing, sewing, dyeing, weaving, grooming horses and chiselling stone. But the demand for all these services has been on the decline and at best the remuneration derived from them has always been very meagre. This explains why, during 1934, among the able-bodied owner-cultivators in Kunmin, nearly three per cent left their villages to seek work, and among the working tenant peasants this figure was as high as over eight per cent.

In short, a huge amount of potential labour power cannot be utilized under the present agrarian system in which the contradiction between land owning and land cultivation is so apparent. Those who own land have become parasitic and unproductive, but those who actually produce and work in the fields cannot find adequate land. In the five districts in Yunnan that were investigated, the poor peasants as well as the hired agricultural labourers occupy 56 to 87 per cent of the village population which can only mean that the peasants with inadequate land or no land at all constitute an overwhelming majority of the peasantry.

(REPORT ON RURAL INVESTIGATION IN YUNNAN, Edited by the Rural Reconstruction Commission of the Executive Yuan, published by the Commercial Press, April, 1935, Shanghai. pp. 76 ff., 126 ff., 182 ff., 218 ff., and 254 ff.)

SECTION II

1. THE NATURE OF THE PRESENT LAND PROBLEM IN CHINA

ANYONE who is aware of the peasant movement in China that has been taking place since 1926 cannot fail to appreciate the gravity of the present land problem. Indeed, this is the kernel of all agrarian problems, for whatever class possesses the land also controls the village economy. Mass resistance against land and tax payments and strenuous efforts to divide the land among the cultivators became the order of the day when the peasant movement was at its height. In recent years although this movement has been on the whole suppressed, formulas for land reform have constantly been discussed, such as land distribution according to the size of the family, the village ownership of land and the reinstatement of owner-cultivators. It is quite clear that the land problem in China at present does not lie in whether the system is to be preserved or changed, but rather in the most desirable system to be adopted.

There are certain similarities of social relationship between the villages of Czarist Russia and those of present-day China. Formerly in Russia and now in China there are two sets of opposing forces, namely, landlords versus peasants and agricultural capitalists versus agricultural proletarians. The first indicates the backward feudal social relationship, while the second indicates the progressive capitalist social relationship. Though these two sets co-exist in China, it is the first set of opposing forces—landlords versus peasants—that forms the chief obstacle to agricultural development and constitutes the focal point of land reform. In China it is the first set and not the second that demands immediate solution through political action.

Towards the end of the nineteenth century Lenin clarified the fact that Russian agriculture, while still tinted with remnants of the slave system, had already come under the control of capitalism. Based upon this analysis, he pointed out that the essence of the

Russian Revolution was to wipe out the large estates existing under the semi-slave system. This may sound contradictory, but it was really not and it had a very reasonable basis. Unless the semi-slave system is completely wiped out, it will always be a hindrance to the free development of capitalism and anything that hastens the free development of capitalism with all its contradictions prepares the way for a socialistic revolution. Furthermore, the struggle between the employer and the employees in agriculture, in Czarist Russia, was much more of a local occurrence than a national affair, whereas the struggle between peasants and landlords in general had acquired a much larger scope and therefore had a much broader basis for political action.

Compared with that of Czarist Russia, the capitalistic development of agriculture in China is far behind. Undoubtedly, the feudal method of production has a predominant position and capitalism in Chinese agriculture is still in its infancy. The primary source of exploitation of the peasant masses still lies in a semi-feudal system or even in semi-slave labour relationships. The Chinese peasants suffer not so much because of capitalist development as because of the dominance of the landlord class over them all. Similar to Russia, but with more validity, the fundamental change of the Chinese land system must be expected to be the complete abolition of semi-feudal relationships.

There are some people who still think that since the cities in China can control the village economy, whatever feudalistic remnants there are must be so feeble as not to occupy any important position in the national economy. Though this view has been revised lately, some would still deny the semi-feudalistic nature of the Chinese land problem by saying that since the tenants can generally be considered as farm managers, the essence of rent is already capitalistic. They thus ignore the opposition between the landlord and the peasant in their writings. Hence it has not been difficult for them to consider the distribution of capital and not the distribution of land as the present urgent issue. But the agricultural capitalist they have conceived is indeed a pitiful one. All statistics have proved that the tenants who lease land are the poorest peasants in the villages, while those who lease out land are those rich peasants and landlords who possess more than 50 *mow* each. That the poor peasants lease out land and the rich peasants lease in land is an

exceptional phenomenon in China. The economic significance brought out by such facts is almost too clear to leave any ground for argument.

There may be two kinds of peasants who lease in land. The first is the rich peasant who has plenty of cash and implements, and whose lease is for the purpose of expanding his farm management. The second is the poor peasant who has little or no land and whose lease is for the maintenance of a slave-like livelihood. The land leased in under the first condition, therefore, is an instrument by which labour can be exploited, but that under the second condition is a yoke by which the tenant can be unreservedly exploited. Thus it is easy to see that these two types of land lease or tenancy have two diametrically opposite meanings in rural economy; namely, that the increase of tenancy of the first type indicates the development of capitalism in agriculture while the prevalence of the second can only demonstrate the controlling influence of a pre-capitalistic economy.

A statistical reference to the tenancy situation of Czarist Russia and that of present day China suffices to show the radical difference between the two types of tenancy as described above.

TABLE 10. PERCENTAGES OF LAND CULTIVATED AND LEASED IN CZARIST RUSSIA AND CHINA TO-DAY

	Per cent of land cultivated		*Per cent of land leased in*		*Per cent of land leased out*	
	Russia	*China*	*Russia*	*China*	*Russia*	*China*
Rich peasants	46.4	18.7	59.0	9.2	9.2	56.7
Middle peasants	41.2	30.4	35.0	21.5	25.3	24.2
Poor peasants	12.4	50.9	6.0	69.3	65.5	10.1
Total	100.0	100.0	100.0	100.0	100.0	100.0*

The statistics for Czarist Russia were taken in the Dnieproff District in the Province of Talichi and for China in the District of Wusih in Kiangsu Province, in 1929.

*The 9 per cent discrepancy in this column is obvious, but at the time of translation it was not possible to check the sources.

From these comparative statistics it can be seen that whereas the rich peasants in Czarist Russia leased in 59 per cent of the land for their agricultural enterprise, the rich peasants in China to-day

do the very opposite by leasing out 56.7 per cent of the total leased land purely for rent collection. Since only 9.2 per cent of the total leased land is in the hands of the rich peasants and the rest is in the hands of the middle and poor peasants, it must be clear that in nine cases out of ten, Chinese tenancy belongs to the second type described, which exists not for agricultural expansion but merely for maintaining a living. Is it then equally clear that the kernel of the Chinese land problem is to wipe out the semi-feudal system which obstructs capitalistic development?

Obviously the basis of opposition as between landlords and peasants is the monopoly of land by the landlords. It is now generally recognized that in China the landlords, forming about five per cent of the village population, possess about 50 per cent of the cultivated land, and the poor peasants who make up 70 per cent of the population possess only 20 per cent of the land. This is the picture of landlords and peasants as two opposing forces. While the landlords utilize their land possession to extract the rent by a tenancy system approaching semi-slavery, the peasants are forced to live in misery because of lack of land. To give land to the peasants, therefore, is the essence of the land problem.

Under the present land system, the landlords' exploitation goes far beyond its economic realm and it is this extra-economic phase which has imposed an almost unlimited burden upon the peasants, and which is chiefly responsible for the cultural backwardness of the village life. So long as the rent is as high as 50 to 60 per cent of the total harvest, which is the prevailing rate in China, the landlords always prefer not to manage the farms but to lease out their land for rent, while the peasants always have to pay an excessive tribute which deprives them of any possibility of enlarging or improving the farm. The inevitable result is the prevalence of small farms, a very low standard of technical knowledge, and general economic backwardness.

The semi-slave type of tenancy system is inseparable from usury exploitation and the land tax system as is found in China to-day. Unless the existing power of the landlord class is done away with and unless the existing tenancy system is wiped out, all policies designed to bring about land tax reform or to check usury, or any other ameliorative measure, be it administrative or educational, will only bring about disillusionment in the end. To put an end

to the land system under the semi-feudal landlords, therefore, is an urgent matter in China, and this urgency reveals the nature of the present land problem.

(THE CHINESE LAND PROBLEM, TRADE CAPITAL, AND USURY CAPITAL, Edited by the Research Society for Chinese Agrarian Economy, pp. 1-8, 1937, Shanghai.)

2. CHARACTERISTIC FEATURES OF FARM MANAGEMENT IN CHINA

IN ANY STUDY of farm management in China there are three characteristic features which no-one can afford to ignore. These are the petty size of the farms, the relative scarcity of wage-earning labour, and the extraordinarily large proportion of fixed capital as against the variable capital. All of these, of course, are the result of the peculiar Chinese agrarian relations with mercantile landlordism at the core.

The general smallness of the farms is in glaring contrast to the large land holdings, for the concentration of land ownership and the parcellation of cultivated plots resulting from the scattering of leases have long co-existed in China. The Ministry of Industries in Nanking published, in April, 1935, a report regarding the different sizes of farms in nearly all the provinces, and certain facts derived from this source of information are of great significance. In the twelve northern provinces, 27.1 per cent of all the peasant families cultivate less than 10 *mow* each; 21.5 per cent cultivate 10 to 20 *mow*; 16.8 per cent cultivate from 20 to 30 *mow*; 13.1 per cent cultivate from 30 to 40 *mow*; 10 per cent cultivate from 40 to 50 *mow*; 7.2 per cent from 50 to 100 *mow*; and—a startling phenomenon—only 4.3 per cent cultivate over 100 *mow* each.

As is commonly known, the fertility of the land in the north is, on the whole, inferior to that in the south. Thus it is of little wonder that the usual size of farms is smaller in the Yangtse and Pearl River valleys. According to the Ministry's report, the majority

of the farms in 14 southern provinces are so small as to excite pity. The peasant families cultivating less than five *mow* each form 25.7 per cent of the whole. 23.8 per cent cultivate five to 10 *mow* each; 17.6 per cent 10 to 15 *mow*; 13.4 per cent from 15 to 20 *mow*; 10 per cent from 20 to 30 *mow*; 6.1 per cent from 30 to 50 *mow*, and the percentage of those cultivating over 50 *mow* each amounts to 3.4 only.

From the Ministry's report, one can say that more than 60 per cent of the Chinese peasant families manage less than 20 *mow* each, and this fact is borne out by a later investigation carried out by the National Land Commission. This investigation covered 16 provinces in different sections of the country. On the south-eastern seaboard the average farm size per peasant family ranges from nine to 15 *mow*; in the middle Yangtse region from 11 to 17 *mow*; in the Yellow River valley from 15 to 38 *mow*; in Chahar and Suiyuan, two of the Inner Mongolian provinces, from 102 to 238 *mow*; and in Kwangtung and Kwangsi, China's two southernmost provinces, from six to 15 *mow*. The apparently great disparity between the extreme north and extreme south is not only a matter of fertility but is also due to the degree of land development.

Other separate field investigations, not administered by the government, have shown figures which more or less tally with these. The 1929 investigation in Wusih put the average size of farms as 7.5 *mow*; the 1930 investigation in Paoting put the figure for this important agricultural district in the north China plain at 16.5 *mow*. According to the investigation of 22 districts in Kwangsi, carried out by the students of Liangfung Normal School, near Kweiling, in the summer of 1933, the average farm size in that province is around 10 *mow*.

Small as they are, Chinese farms are rarely in one lot, but are parcellated in tiny plots, closely resembling the situation in India. Following the report of the Paoting investigation, the average family cultivating 16.5 *mow*, works on 12 scattered plots and these plots, on the average, are of two-and-a-half *mow* each, with the smallest only a little over a third of a *mow*. In 1931, Lee Chin-han (Franklin C. H. Li), after having made a thorough investigation in the district of Ting Hsien, reported that in one village with more than 200 peasant families, there were no less than 1,552 plots; and that among these families only 26 had as few as six plots each,

while others had as many as 20. The majority of the plots investigated were less than five *mow* each in area. According to another investigation by Mr. Lee covering four villages, there were 3,763 plots and of these 71 per cent were less than five *mow* in size. Sixteen per cent of these plots lie one-sixth of a mile or less from the home of the cultivator; but 13 per cent of them lie more than a mile distant, and six plots are even more than two miles away. In south China such parcellation and scattering is also a common phenomenon, and as long as this remains it is almost inconceivable that there will be any possible chance for an appreciable improvement in farm management.

Turning to the next characteristic feature of Chinese agriculture, it is very noticeable that despite the general intensity of labour for field work, the amount of home labour is overwhelming. Characteristic of all pre-capitalistic farming, wage payment in China is still on a very small scale as compared with unpaid labour. In the United States, France, Great Britain and Germany, 25 to 36 per cent of the farm population are wage earners, but as the basic situation in China is different, there can be no such high percentage. In reality, on the small farms such as are found in China, there is not much permanent hired labour. Thus farm management in China is almost a wageless one.

There is, of course, some difference between the dry farming in the loess region and in north China generally, and the heavily irrigated rice region in the south. In the former case, where the farms are comparatively larger, wage earning has developed further, while in the latter case the common practice is to engage seasonal and day labourers with comparatively fewer farm workers hired by the year. In north China, farm hands hired annually form some 13 per cent of those who work on medium-size farms. In south China there has been no definite calculation, but it is generally considered that the percentage is lower. It is significant that in the 22 districts investigated in Kwangsi as above mentioned, 65.2 per cent of the peasant families hire no labour, either seasonal or annual, and the number of *mow* cultivated by these families amounts to nearly 42 per cent of the entire cultivated area involved. Those families who hire seasonal labourers form nearly 25 per cent of the total and the number of their *mow* is claimed to be 34 per cent. Only 10 per cent of the families which cultivate and manage 24 per

cent of the cultivated land, hire one or more labourers each for field work by the year.

In China the employment of wage-earning labour is apparently limited by the overwhelming majority of the poor and middle peasants who are in no position to hire outside labourers. A statistical study of the case in Wusih suffices as an example.

TABLE 11. FARM LABOUR AMONG THE DIFFERENT CLASSES IN WUSIH (THREE LARGE VILLAGES, 1935)

Class	*Percentage of home labour*	*Percentage of hired labour*
Landlords who manage a part of their land	59.5	40.5
Rich peasants	77.2	22.8
Middle peasants	91.4	8.6
Poor peasants	96.8	3.2

The wage-earning labour in Chinese agriculture can hardly be compared with that in economically advanced countries, either in the quantitative or in the qualitative sense. While pure cash payment to the hired annual agricultural labourer is the prevailing system in those countries, the common practice in China is still that of a mixture of cash and kind and, in many cases, the payment is made only in kind. Obviously cash payment cannot go far when the volume of money circulation in the rural parts of China is still very small.

A thorough analytical study of the different elements entering the total cost of farm production is yet to be made for China, but that there is an extraordinarily large proportion of fixed capital as against the variable capital is almost a foregone conclusion. This is the third characteristic of Chinese farm management. Even in the economically advanced countries, the investment in machinery for agriculture is still far behind that for factory industry, and in China with the strict limitations set up by the land parcellation, there is no modern machinery to speak of in the farming process. According to the findings from three large villages in Wusih, made up of 1,143 families (from which the above statistical table was compiled), the total cost of animal labour in 1935 was $697, that

of machinery $1,264, and that of human labour $8,494. Thus in a district which must be considered as China's most industrialized one, and where modern irrigation appliances are widely used, human labour still forms 81 per cent of all agricultural labour. The labour cost, however, is only a small fraction of the total cost of production, which in fact is largely made up by the price of land. Land price together with the cost of building, generally speaking, accounts for more than 80 per cent of the total investment; and what is more, the land price alone usually forms 75 per cent of the fixed capital. No wonder then that the larger the farm, the higher the percentage claimed by the fixed capital, and this situation is, of course, a great hindrance to the development of capitalistic farming.

(Sun Shao-tsun, *The Land Problem of Modern China,* EDUCATION AND THE MASS, Vol. VIII, No. 3, 28th November, 1936, Wusih.
Franklin C. H. Li, *A Study of the Land System in Ting Hsien,* Part 2, SHUI KO HSUEH, Vol. I, No. 3, April, 1936, Peiping.)

3. OXEN AND BUFFALOES IN RELATION TO THE SIZE OF FARMS

THE FIELD investigation of farm management covering 4,312 peasant families in Kashing during the year 1935 was carried out under the auspices of the Agricultural College of Chekiang University, and it is from the result of this scientific work that the following report on agricultural animals has been compiled. Situated near the northern border of Chekiang, Kashing is the centre of a fertile agricultural region and is connected with Shanghai and Soochow by railways. The city of Kashing is at the apex of an equilateral triangle at the other two points of which are Shanghai and Soochow, and it is midway between these cities and Hangchow.

As is typical of the entire Yangtse Valley, especially the delta region where land ownership is so concentrated and its use so parcellated, farm management of an extremely small size forms

69.5 per cent of all the peasant families investigated. Some of those engaged in this small farm management are tenants who have to lease in very small, scattered lots of land and others are petty owner-cultivators who have to hire out their labour occasionally in order to gain a supplementary income. Whether regarded from the point of view of tenancy or that of labour employment, these families constitute the exploited masses of the peasantry. With these families the average size of cultivation is not more than 11.27 *mow*, or less than two acres.

For the convenience of our study the 4,312 families investigated are classified according to the size of the farm. When the amount of land cultivated and managed by the family is below 20 *mow*, it may be considered as small management; when it is between 20 and 50 *mow*, middle-size management; and when it is above 50 *mow*, large management. A comparison of these three categories is shown as follows:

TABLE 12. NUMBER OF FAMILIES AND SIZE OF FARMS UNDER DIFFERENT MANAGEMENTS

Management	*Number of families*	*Percentage*	*Average farm area per family (mow)*	*Average area cultivated (mow)*	*Average crop* cultivated (mow)*
Small	2,995	69.46	11.72	11.27	18.46
Middle	1,081	25.07	29.17	28.52	43.99
Large	236	5.47	76.19	74.99	114.83
Total	4,312	100.00	19.62	19.08	30.13

* Crop *mow* means the number of *mow* of different crops raised in one year

In Kashing, where the irrigated rice field is predominant, oxen and buffaloes are indispensable to every farm regardless of the size, and the distribution of these field animals is in direct proportion to the size of farms. Among the small-size farms as many as 58.97 per cent of the peasant families possess no field animal whatsoever; 14.72 per cent of them only possess half or one-third or one-fourth of a share in an animal and those families possessing one field animal each form not more than 26.11 per cent of the total. Only two out of every thousand small-size farms have more than one animal each.

On those small farms where no animal or inadequate animal power is to be found, it is either directly replaced by human labour or the work is done by animals leased from the well-to-do families for which the rent is repaid in labour. The former simply sets back the agricultural method to its primitive state, while the latter clearly indicates a semi-feudalistic form of labour relationship. Such conditions are not found among the large-size farms, in fact indications tend to show the reverse. Among the peasant families managing large farms, 41.95 per cent possess one field animal each; 53.39 possess more than one. In the second category the owners of field animals usually lease out the oxen or the buffaloes in order to obtain cheap labour in the form of animal rent. With the middle-size farms, the conditions lie somewhat between the two above described.

TABLE 13. OWNERSHIP OF FIELD ANIMALS AND SIZE OF FARMS UNDER DIFFERENT MANAGEMENTS

Management	*Number of families*	*Possessors of no animal (percentage)*	*Those sharing animals (percentage)*	*Those with one animal (percentage)*	*Those with more than one animal (percentage)*
Small	2,995	58.97	14.72	26.11	0.20
Middle	1,081	16.19	7.31	72.52	3.98
Large	236	4.24	0.42	41.95	53.39
Total	4,312	45.25	12.08	38.61	4.06

Under certain circumstances it is of course a progressive sign that the use of animals for field labour should be on the decline, as for instance in a few districts in the Yangtse delta region, notably Wusih, where machine pumping is fast taking the place of the irrigation work that was formerly done by the water buffalo. But the contrary is true in other parts of China where, with the decrease in animal labour in the field, there is an increase, not of machines, but of human labour. Such an increase of human labour in agriculture is one of the most important symptoms of the agricultural decline in China. Taking the peasant families investigated in Kashing as a whole, out of the total of 4,312, as many as 1,951 families, or 45.25 per cent possess no field animal at all.

Not only is the number of field animals possessed in direct proportion to the size of the farms but even the quality of these animals bears a similar relationship to the size of these farms. As may be seen from the following table, oxen constitute 86.02 per cent, and buffaloes only 13.98 per cent of the total labouring animals on the small-size farms. Of the field animals used on the medium-size farms, the numbers of oxen and buffaloes are almost equally divided; the former being 48.32 per cent and the latter 51.68 per cent of the total. On the large farms 94.71 per cent of all the field animals are buffaloes. It is understood, of course, that one water buffalo is often double the price of an ox, and only the well-to-do families can afford to keep the more expensive of the two.

TABLE 14. DISTRIBUTION OF BUFFALOES AND OXEN

Management	*Total Number of Field Animals*	*Buffaloes*	*Per cent*	*Oxen*	*Per cent*
Small	1,000	140	13.98	860	86.02
Middle	905	468	51.68	437	48.32
Large	369	349	94.71	20	5.29
Total	2,274	957	42.08	1,317	57.92

Finally, yet another phenomenon which shows the direct proportion of ownership of field animals to the size of the farm is to be found in the variation of percentages of expenditure on field animals in the total cost of cultivation. The Kashing investigation has established the fact that while among the small-size farms only 8.4 per cent of the total cost is spent on the field animals, these percentages for the medium- and large-size farms are 13.09 per cent and 16.23 per cent respectively. Taking all the farms investigated as a whole, the cost of field animals was 11.02 per cent of the entire cost of production. This will serve to show the important part played by animal labour in the agriculture of this region, as well as the inadequacy of the animal labour at present available to the majority of the peasants.

(Liu Tuan-sheng, *A Farm Management Study of 3,412 Peasant Families in Kashing*, QUARTERLY REVIEW OF THE SUN YAT-SEN INSTITUTE, Vol. IV, No. 2, Summer, 1937, Nanking.)

4. FORMS OF FARM LABOUR IN CHINA

IN ORDER to determine to what extent agriculture has been developed along capitalistic lines, it is not sufficient to be guided merely by the size of the farms; it is also important to analyse every aspect of the farming method, including the form of farm labour and the extent to which hired labour is used. In the advanced capitalist countries, home labour organized on a basis of feudalistic and family relationships yielded long ago to a new system of hired labour in which the relation between the employer and the employee approaches more and more that of the modern factory. Though the agricultural industry is a seasonal one and therefore cannot exactly be compared with factory work, the extent to which hired agricultural labour is used in England, Germany, the United States and France is very considerable. The percentage of hired agricultural labour to the total agricultural population in England was 35 in 1911, in Germany 36 in 1920, in the United States 25 in 1920, and in France 32 in 1911.

The situation in China is quite different. Generally speaking, the number of hired agricultural labourers is relatively large in the Yellow River provinces because here, owing to the poorer productivity, only a relatively large-size farm can provide enough to maintain an entire family, and this calls for more labourers. In the paddy fields and terraced farms of the Yangtse Valley and further south, where the size of the farms is much smaller, there are fewer permanently hired labourers. There are, of course, a huge number of short seasonal labourers in these regions, but they are chiefly day labourers employed solely for planting or harvesting. According to the field investigations of Nanking University, directed by J. L. Buck about ten years ago, the percentage of hired labour to the total farm labour is as follows:

TABLE 15. PERCENTAGE OF HIRED LABOUR TO TOTAL FARM LABOUR IN FARMS OF DIFFERENT SIZES

Region	*Small-size farm*	*Middle-size farm*	*Large-size farm*
North China	4.1	13.0	31.8
Central & East China	4.5	15.7	20.1

With the possible exception of the large-size farm in north China, it is evident that China as a whole can hardly be compared with western countries in the extent of hired agricultural labour.

A much more recent field investigation carried out in the neighbourhood of Kweiling, the capital of Kwangsi province, proves the fact that in south China there are far more seasonal labourers than full-time ones. The students of the Rural Normal School in Liangfung, lying directly south of Kweiling city, found that in that locality fully 65 per cent of the village families were purely self-cultivating and without hired labour of any kind. These families cultivate nearly 42 per cent of the land, but whereas nearly 25 per cent of the families, who cultivate 34 per cent of the land, hire seasonal farm hands, only ten per cent of the families, who cultivate a little over 24 per cent of the land, regularly employ hired labour for the year.

The extent to which farm labour is hired depends upon the economic status of the farming family. It is indeed more or less an index to the class standing of the peasantry, the poor and middle peasants having neither enough land nor enough means to employ much labour from outside their families. An exhaustive field investigation regarding farm management was made for three big villages in Wusih during 1935, and the result of this gives clear evidence of the correlation between class standing and the extent of hired labour. The poor peasants furnish 96.8 per cent of the total labour on their farms from home, and even the middle peasants only hire 8.6 per cent of their labour. While the rich peasants still supply 77.2 per cent of the labour from their homes, they are able to hire the other 22.8 per cent. The landlords who have kept part of their land for their own management, utilize their home labour only to the extent of 59.5 per cent of the total, and they hire labourers to meet the other 40.5 per cent.

In comparing the farm labour in China with that of the economically advanced countries of the West, one should not neglect the fact that what is called hired labour in China is often done by labourers who do not necessarily receive wages in cash. Another noticeable fact is that in many cases there is no antagonistic attitude taken by the hired people, such as is often found in the West. This again is because of China's traditional social relations from which the country is gradually emerging, but the shackles of which have

not yet finally been thrown off. With these considerations in mind, the percentages of hired labour cited above cannot, strictly speaking, be compared with those of England, Germany, the United States and France.

In studying the form of farm labour in China, it is highly important to remember that in general the hired agricultural labourers in China are at the same time poor peasants who cultivate land either owned or leased, and in intervals are also hired out as coolies. While the general phenomenon among the rural rich is a trinity of landlord, merchant and usurer, that among the rural poor is another trinity of poor tenants, hired farm hands and coolies. According to a field investigator, who in 1933 worked throughout Honan province, the landless peasants and those with insufficient land have to change rapidly from one farm to another. One day they do field work on their own land or the land they have leased; the next day they work as hired labourers in someone else's field; and the day after that they work as coolies transporting goods from the shops in the city. These partially hired labourers in Honan far outnumber the full time hired labourers, and the same situation is also to be found in many other provinces.

In Kiangsu, Chekiang and other southern provinces, there is a system by which field work is contracted and paid for in kind in advance. In the district of Hsiaohsien, northern Kiangsu, for instance, the rich peasants need a great deal of seasonal labour for planting and harvesting, but are always in fear that they will not be able to secure an adequate number of people. Thus when the poor peasants, many of them tenants, borrow grain from the rich during the spring, the debtor contracts for seasonal labour in payment. The peasant then works in his creditor's field during the busy season, just as an ordinary hired day labourer, except that the value of the grain borrowed is deducted from the wage that he is supposed to receive. There is no interest charged on the grain loan, because the value of the grain borrowed is always fixed by the creditor at a supposed maximum market price, in the spring—a price which in fact gives the creditor more than ample interest. The balance between the grain price and the wage must always be made good, either by additional labour or sometimes by extra payment in cash. The contract demands, however, that this sort of seasonal labourer must abandon his own work whenever his

creditor is in need of him. This is a distinct type of farm labour made possible by the practice of usury.

Another slightly different form of farm labour is to be found in such places as Jehol, Chahar and Suiyuan. Here the agricultural labourers group themselves under one leader who negotiates and borrows grain from the rich families who would like to contract labour in advance. Each debtor family receives two or three *piculs* of kaoliang or millet, but in this case the contracted labourer is no longer hired for mere seasonal help, but is expected to carry out the entire field work for the creditor who furnishes seeds, implements and animals. The total harvest is halved between these contractual labourers and the landlord, but from the former's share the grain debt is deducted. This system is quite similar to the American share-cropping, which is in reality a form of tenancy. In recent years, in the famine regions of north China, circumstances have favoured the spread of this system. In the northern part of Honan where some of the landlords cannot provide the necessary agricultural implements, these tenant labourers have to bring their own tools, and in many cases the peasants receive only 30 per cent of the total crop.

In many localities where the system of exchanging labour power prevails, there is no wage payment whatsoever for farm labour. Perhaps a typical case may be cited from the findings in Hsiaohsien where a peasant family cultivating his own or leased land of about ten *mow*, possesses ample man power but is too poor to own a cow and therefore arranges through a middleman for the exchange of labour power with a rich peasant family or even with a middle peasant family owning field animals. The contract for such exchange of labour power, usually made orally, lasts anywhere from several months to several years, and during that period field work is done without wages, although board is given and the animal can be borrowed without rent.

A definite ratio for exchange between animal labour and human labour is adopted in other localities. In the district of Tsingkiang, located in the same province as Hsiaohsien, if the animal is used for field work for one day, there must be two days human labour in exchange; if, however, it is used for turning the grindstone for one day, one day's human labour is sufficient exchange. In Tsin-yun, Chekiang, the exchange is one for one. In Mien-yang, northern

Szechwan, and in Lung-meng, Kwangtung, one day's animal labour sets off three days of human labour. In other parts of Kwangtung, such as the district of Kao-ming, the ratio is four to six. In Lun-an, Kwangsi, instead of a definite ratio, the poor peasants can generally secure the use of the rich man's animal by working twenty to forty days in the year. Often when there is not enough field work to do, they make up their exchange service by doing some domestic work for the rich. In contrast to this general arrangement, one finds in some places in Honan that this exchange is exactly calculated so that the would-be animal rent is equal to the amount of the supposed wages. This practice of maintaining an exchange of exact value is not confined only to Honan but is also found in many places in the north-western provinces of Shensi and Kansu.

(Sun Hsiao-tsun, *The Problem of Farm Mangement in Contemporary China*, Part III, QUARTERLY REVIEW OF THE SUN YAT-SEN INSTITUTE, Vol. III, No. 2, Summer, 1936, Nanking.)

5. FARM LABOUR IN THE LOWER YANGTSE REGION

AS IS TYPICAL of the rice region in China, the district of Kashing, midway between Hangchow and Shanghai, is dominated by small farms with an almost unlimited number of scattered lots of land. This is apparently a great obstacle to crop improvement and also gives rise to a great diversity of crops, as agriculture is still on a subsistence basis. Kashing has always been famed as a rice district with very few commercial crops, but with the recent tendency to the commercialization of agricultural products, more and more peasants have to sell their rice. A glance at Table 16 will show that the small farms in Kashing still pursue the multiple crop system and are still more or less characterized by a closed economy. The majority of the farms plant their crops according to their various needs and as a whole have not yet established the practice of producing for the market.

It is certainly significant that this diversity of crops should occur on such small farms as are to be found in Kashing where from the

4,312 farms investigated it was found that the average cultivation area of the large management farms is not more than 75 *mow*, and that of the medium-size 28 *mow*, while that of the small farms is as little as 11 *mow*.

TABLE 16. PERCENTAGES OF THE AREA OF VARIOUS CROPS IN KASHING

Crop	*Small farm management* (Below 20 *mow*)	*Medium-size management* (20-50 *mow*)	*Large management* (Over 50 *mow*)	*Total*
Rice	41.74	41.95	46.36	42.78
Glutinous rice	3.40	4.53	5.28	4.21
Peas	16.90	11.47	5.46	12.53
Rape	2.21	1.50	0.73	1.65
Wheat	5.76	4.02	1.36	4.20
Crops for green manuring	9.98	17.21	27.98	16.38
Vegetables	2.49	1.68	1.16	1.91
Mulberries	11.05	11.01	8.35	10.47
Other crops	6.47	6.63	3.32	5.87
Total	100.00	100.00	100.00	100.00

TABLE 17. PERCENTAGES OF CROP AND LIVESTOCK INCOME

	Small farm management (Below 20 *mow*)	*Medium-size management* (20-50 *mow*)	*Large management* (Over 50 *mow*)	*Total*
Rice	59.68	61.39	72.36	62.79
Other crops	22.19	21.27	15.34	20.51
By-products	6.99	6.90	5.64	6.69
Crop Income	*88.86*	*89.56*	*93.34*	*89.99*
Domestic animals and poultry	2.80	3.21	2.22	2.83
Silkworms	5.92	4.65	2.92	4.88
By-products	2.42	2.58	1.52	2.30
Livestock Income	*11.14*	*10.44*	*6.66*	*10.01*

It is equally significant to see the distribution of crop incomes as indicated in Table 17, namely, that the larger the farm manage-

ment, the more important becomes the income of the rice crop, while in the medium-size and small managements the importance of the rice crop income tends to decrease, and that of the other crops to increase. This shows that the smaller the farm management, the more diversified is its agricultural income. Whereas the rice income is only 59.68 per cent of the total among the small-size farms, among the medium-size it is 61.39 per cent, and among the large farms it is as high as 72.36 per cent. Unlike the percentage of crop income, the livestock income is in inverse proportion to the size of the farm. The larger the management, the lower is the percentage of income from livestock, which indicates that human labour is still intensively used on the large farms.

With the conditions of crop diversity and crop income as the background, it is necessary to analyse farm labour, which is the backbone of farm management. First, the number of agricultural workers must be ascertained. The investigation of Kashing showed that out of all the peasant families surveyed, a total of 19,777 people, 8,797 or 44.48 per cent were engaged in some kind of agricultural work. It is significant, however, that in these cases, it was found that the larger the farm management, the larger was the average number of field workers per family. This clearly indicates that there is a great difference between the management of rich peasant families in China and the management of classical types of rich peasant families in America or Europe. When 44.48 per cent of the peasant population is engaged in field work, the percentage is already very large; but when the boys and girls below 12 years old, old men and women of over 65, and women from 12 to 65 are also taken into consideration, then this percentage is as high as 62.86. In many parts of Kashing, especially in the northern subdistricts, women are employed in irrigation work, often taking the place of buffaloes.

For the sake of making a correct comparison of farm labour among the different sized farms, it is necessary to calculate with a labour unit defined by the age, sex and number of working days in the year. Thus when we take a man between the age of 20 and 45, engaged in field work for the entire year as the labour unit, we would see that the number of labour units is directly proportional to the size of the farm. This is simple enough to

understand under Chinese conditions; for the more land that is cultivated, the more human labour is required.

TABLE 18. THE NUMBER OF LABOUR UNITS ON DIFFERENT SIZED FARMS

	Small-size management	*Medium-size management*	*Large management*	*Total*
(1) Total number of people investigated	11,481	6,273	2,023	19,777
(2) Number engaged in agriculture	4,851	2,857	1,089	8,797
Percentage of (2) to (1)	42.25	45.54	53.83	44.48
(3) Number of labour units	4,074.71	2,376.32	1,022.70	7,473.73
Average number of labour units per family	1.36	2.20	4.33	1.73
Percentage of (3) to (1)	35.49	37.88	50.55	37.79
Percentage of (3) to (2)	84.00	83.18	93.91	84.96

Then it is also important to ascertain the number of agricultural workers hired out. The result of the Kashing investigation showed that out of 5,113 village families, there were only 283 families, or 5.53 per cent, which were considered to be hired agricultural labourers. While this family percentage is small the percentage of the hired is even smaller. Out of a total of 7,582 men who had some occupation, there were not more than 202, or 2.66 per cent of the total, engaged in field work as hired labour. It can then be readily seen that purely hired agricultural labour is still relatively unimportant. The most significant peasant group in China is that vast semi-proletarian one which, on the one hand, is bound to work on its own tiny, scattered lots, and on the other hand has to be hired out in flexible day work in order to make a supplementary income. This is clear from the Kashing statistics which show that out of 943 men with subsidiary occupations, some 386, or 40.93 per cent of the total, are hired out in one form or another as agricultural labourers. In reality, seasonal or short term hired labourers are more numerous than this percentage indicates, because much temporary hiring is apt to be forgotten and not taken into account when returns are made.

From the Kashing investigation it can also be seen that the percentage of men hired is far lower than that of employers, especially

because many landless peasants from such districts as Shaoshing, Wenchow and Taichow have come into the district to seek farm work. But considering the fact that the average cultivation per family in Kashing is comparatively large in the rice region, it must be noted that 19.94 per cent of the labour units are hired, which is a relatively high figure. When the various sizes of farm management are compared in this respect, it is found that the relatively progressive farms with a tendency to capitalistic management often hire more labour units and that the more backward farms, on the contrary, always use home labour as the main labour supply, only supplementing it with seasonal hired labour during busy times.

TABLE 19. COMPARISON OF HOME LABOUR AND HIRED LABOUR

	Small farm management (Below 20 *mow*)	*Medium-size management* (20-50 *mow*)	*Large management* (Over 50 *mow*)	*Total*
Total number of labour units	4,074.71	2,376.32	1,022.70	7,473.73
Percentage of labour units derived from home labour	90.76	76.51	45.66	80.06
Percentage of labour units derived from hired labour	9.24	23.49	54.34	19.94

It would seem that, generally speaking, almost all people who are able to work in the fields participate, but the waste of labour power is enormous. It is true that agriculture is seasonal and no peasant is expected to work in the fields all the year round, but it is certainly unusual when, as in the case of Kashing, the peasant is unemployed for over six months of the year. The statistical result has been that each labour unit carries out on the average not more than 133.74 actual work units. In other words one able bodied man averages 133.74 working days in the year. Even on the big farms the actual number of working days amounts to less than 200 while on the medium-size farms it is 153 and on the small farms it is as little as 107. When an able bodied man actually works 196.77 days in the year on a large farm, he covers a crop area of 26.5 *mow;* on a medium-size farm in 153.11 days he covers 20 *mow,* while on a small farm in 107 days he covers 13.6 *mow.*

Whereas the surplus labour power in rural districts has been a blessing to the industrialization of some of the western countries,

the story in China is quite different. The modern industrial development of China is hampered and the traditional handicraft industries in the villages are being rapidly destroyed by economic penetration from outside. The net result is that the peasants in general have to cling on to their petty land possessions, managing their farms in a semi-feudalistic fashion, and letting their labour power run to waste. This, and this alone, accounts for the fact that out of 7,582 men who were occupied at the time of investigation in Kashing, not more than 943 had subsidiary occupation of any kind. In other words, 87.56 per cent of these men could not find employment to eke out their main occupation.

Furthermore the waste of labour power on small-size farms is far more apparent, as has been demonstrated by statistics. While under large management one labour unit, as above defined, can cover 17.3 *mow* of the cultivation area (not crop area), the same labour unit can only cover 12.97 *mow* under medium-size management, and is limited to 8.28 *mow* on the small farms. Obviously there is no way out for the employment of the surplus labour power, especially on small farms. It is not then surprising that the smaller the cultivation area, the more intense is the utilization of land. This is clearly shown in the following table:

TABLE 20. INTENSITY OF MANAGEMENT ON DIFFERENT SIZED FARMS

	Small farm management (Below 20 *mow*)	*Medium-size management* (20-50 *mow*)	*Large management* (Over 50 *mow*)	*Total*
Cultivation area (*mow*)	33,749.80	30,830.42	17,697.51	82,277.73
Crop area (*mow*)	55,279.61	47,549.27	27,100.18	129,929.06
Index of crop *mow*	163.79	154.23	153.13	157.92

To ascertain the proportion that wages occupy in the total budget of the various farm managements it is not enough just to take the hired labour because, as we have already seen, home labour in the case of small and medium-size farms proportionately far exceeds the hired labour. When the home labour is accorded the same wage as that of the hired labour, the total wage of both occupies in general 22.26 per cent of the total agricultural capital. The farm-house, livestock, agricultural implements, seeds, fertilizer and other

raw materials make up 77.74 per cent. While in general the wages occupy 22.26 per cent of the total capital, the percentages for the large, medium and small managements are 27.02, 21.2 and 21.51 respectively.

On the outgoing side of the budget, only the wage of hired labour need be calculated. In general, the wage of hired labour occupies 14.29 per cent of the total expenditure and the rest is made up of seedlings, egg sheets for silkworms, domestic animals, fertilizer, fodder, agricultural implements, rent and tax payments and expenditures on the house structure. The wage outgo, however, under large farm management is 28.26 per cent of the total expenditure, which far exceeds 14.63 per cent and 7.32 per cent for the medium and small farms respectively. This clearly demonstrates how the size of cultivation can determine the real nature of farm management.

All the facts show that no profit whatsoever can be derived from farming, in Kashing, with a management of under 20 *mow*, even the wages that should be accorded to home labour falling short. In general, 20 per cent of the wages under small farm management earned by home labour is never received. Even on the medium-size farms, though home labour may be allowed wages, the profit of farming is only two per cent per annum. The average profit for the large farms of over 50 *mow* is only a little over four per cent per annum.

Apparently the chief items which crowd out wages, and in the case of small farm management even wages for home labour, are rent and taxes. In general, 23.92 per cent of the total outgo of the farm is for rent payment, while 6.91 per cent is for the taxes. Such percentages vary with the size of the farms. The rent expenditure is 25.68 per cent for the large farms, 20.87 per cent for the medium-size farms and 25.46 per cent for the small farms. While the tax percentage is only 3.17 of the total outgo on the large farms, it is 7.77 per cent on the medium and 8.02 on the small farms. A peasant budget of this kind can hardly allow of much improvement in agricultural technology of any sort.

(Liu Tuan-sheng, *A Farm Management Study of 3,412 Peasant Families in Kashing*, QUARTERLY REVIEW OF THE SUN YAT-SEN INSTITUTE, Vol. IV, No. 2, Summer, 1937, Nanking.)

6. AGRICULTURAL LABOURERS IN KWANGSI

THOUGH the hired system of farm labour is already more or less common throughout the province of Kwangsi, there is still considerable evidence of the pre-capitalistic system very similar to that found in the tenancy and credit systems. During busy seasons of farm work, the fairly well-to-do middle peasants and even some poor peasants often find it necessary to hire one or several day workers, but at other times of the year they themselves are hired out. Although normally they are wage payers, they are in reality assisting in a system of labour exchange. Sometimes they dispense with the payment of wages entirely and adopt a direct exchange of labour which, as a system, no longer prevails in the more commercialized districts, such as Wuchow, but is still popular in the western and south-western corners of the province. There is also a system of cooperative labour. When some big engineering work necessitates the participation of a large number of workers at the same time, this system is used. The peasants are called together by the beating of gongs, and while no wages are paid they are given their meals in return for their work.

In addition to the labour exchange and the cooperative labour as described above, there are other remnants of a pre-capitalistic labour system which can be regarded as compulsory labour. First, there is slave labour. In the districts of Ho-chue, Sze-en and Nan-tan, near the south-eastern border of Kweichow province, large landlord families still maintain domestic slaves who carry out both house and field work. These slaves have wives chosen for them by their masters, and their children may be set free only after they are grown up. Second, there is tenant labour. In almost every district, some landlords may call on their tenants for labour during the busy season, such as planting and ploughing. Such work by the tenants is not paid by wages, though they are provided with meals, and sometimes, even when a nominal amount of wages is paid, the tenants are working against their will. Third, there is the working off of debts. The system under which the heavily indebted peasants have to work for their creditor-landlords is very common throughout the province. In Sze-en, for instance, three or four years labour is necessary to offset a debt of $30 to $40.

Generally speaking, however, the system of wage payment for farm labour is on the increase and is already of relative importance. In many villages there is even a regular labour market during busy agricultural seasons. Migratory agricultural labourers in groups come from the districts of Chuan-hsien, Hing-an and Kwuan-yang, in the north-eastern corner of the province, and some even from the bordering districts of Hunan, line themselves up in the market places of the districts immediately southward, Kweiling, Pinglo and Li-pu, and try to hire themselves out as labourers for the busy season. In Kwangsi this line-up is comparable to an agricultural labour market. In Liukiang, near by Li-pu, and in Pei-liu in the south, there are also line-ups of migratory farm labourers. In Wu-min, towards the west, the line-ups during the harvest season include many young women. These seasonal agricultural labourers, both men and women, are gradually liberating their labour power from the bondage of a pre-capitalistic system and once their labour power has become purely a commodity, the traditional relation between the landlord and peasant is bound to end.

A perfect example of migratory seasonal farm labour may be seen in the district of Wuhsun which is situated in the middle part of the province, slightly to the east. The Liukiang river flows through the entire district to join the Pearl River at Kweiping, and the canals nearby furnish a good system of irrigation. One of the sub-districts south of Liukiang ranks as one of the richest agricultural regions in the province. Here only one-quarter of the cultivated land is on the terrace; the rest being well irrigated water-fields. Two crops are obtained in the year, one being harvested in June and the other in September, with the first rice crop heavier than the second. The employment of seasonal agricultural labour is particularly extensive during June.

During the first harvest, not only farm labourers from other sub-districts but also those from other districts are hired. Generally speaking this labour supply is from places where few or no water-fields are to be found and where the terraced field only yields one crop to be harvested in July or August. But it must also be noted that distance somewhat limits this migratory labour and in this sub-district of Wuhsun nearly all the labourers come from a radius of about thirty miles, which includes some sub-districts

north of Liukiang and others lying in the districts of Laiping and Kwei-hsien. In the case of short distances women at least equal the men in number, but in the case of long distances men greatly outnumber the women. The girls among these groups apparently take advantage of the situation to find themselves a man. Thus the need for farm labour in June has incidentally created a great social centre where whispering, laughter, singing and dancing together seem to give a very energetic impetus to life.

In the villages near Kweiling, the capital of the province, the marketing of agricultural labour appears to be even greater than that in Wuhsun, for here, in addition to the migratory labourers from the neighbouring districts and from Hunan, agricultural labourers from the same district travel from village to village in search of employment and the line-ups often consist of 500 or 600 people, and occasionally 1,000. Such swarms in the labour market inevitably keep down the agricultural wages, particularly for the women labourers. Speaking generally of the districts in the river valley where Kweiling and Wuhsun are situated, three years ago the usual wage for men was 20 to 25 cents per day and 15 to 20 cents for women. In the last year or so the day wages have nominally increased to 30 or 40 cents for men and 25 to 35 for women, but actually real wages have greatly decreased because of the rapid rise in living expenses. This tendency of a decreasing real wage has also been aggravated by the decline of the well-to-do peasant families who have been reduced from the status of employers to employees in the last few years.

Yet another example may be given, not only showing the low scale of daily wages but also the comparative scale of wages between men and women. In the district of Pingnan, situated on the Pearl River between Wuchow and Wuhsun, the daily wage for men in the summer of 1936 ranged from 0.02 *piculs* of rice, plus 300 cash, or about 10 cents, to the same amount of rice plus 600 cash; that for women ranged from 0.01 *piculs* of rice, plus 80 cash to the same amount of rice plus 150 cash. With this pre-capitalistic form of wage which combines payment in kind and cash, neither men nor women day labourers receive any meals from their employers. Since it is the general opinion in Pingnan that women labourers are almost as efficient and effective as men labourers in the field, the lower wage for women may be explained both by the traditional

low status of women and also by the fact that it is difficult for the women to find employment other than field work.

Perhaps it is not far from the truth to say that the village women in most parts of the province are living a life of slavery; indeed they are sometimes used as a reward for services rendered by men agricultural labourers. In the districts of Sze-en and Ho-chue, as well as other neighbouring districts where slave labour and other compulsory labour systems are most common, a young man agricultural labourer often works seven to ten years without wage payment, but at the end of that period he is given a slave girl by his employer to be his wife. After such a marriage, however, the working couple still have to stay in a small house belonging to the landlord employer. From the latter, the labourer may also receive a small patch of land for himself, but in return he is subject to the call of his employer for field work, at any time. Thus, what would be free labour is actually transformed to slave labour and the slave girl is used, in such cases, to effect the change.

In other districts of Kwangsi it has become a rather common practice among the rich peasant families to keep their daughters at home after marriage and to take their sons-in-law into the house, so as to secure the labour power of both. This custom is especially prevalent among the Yao tribes which inhabit parts of Kwangsi, Kweichow, Hunan and Yunnan. There are also other common practices in Kwangsi for the purpose of acquiring labour power in the family. First, there is the general tendency in the rich peasant families to get their sons married early, so as to gain additional female labour in the person of a daughter-in-law as soon as possible. It is not rare, in this province, to find boys of 13 to 14 marrying girls 4 or 5 years older than themselves and, in fact, very often a boy of eleven may have a wife of sixteen.

Perhaps what is commonly said in Pingnan is true for the whole province. Here the usual slogan of the girl's family is 'to marry your daughter as early as possible is to save your food', though this of course only applies to the poor families. The usual slogan of the men's families on the other hand, is 'to acquire a daughter-in-law is far more advantageous than to hire a labourer by the year', which means paying out $20 in wages. A typical daughter-in-law in a farmhouse rises at four in the morning to prepare food for the whole household; goes to field work at six from which she does not

return until seven in the evening; and then cannot go to bed until nine, at the earliest, after she has waited on her parents-in-law and cared for her children.

Among poorer families, the wife is often employed with her husband for some seasonal agricultural labour, and because of their unsteady income they have to live on potato gruel most of the time. They consider themselves fortunate if they succeed in getting dry rice eight or ten times in the month. Because of the custom of early marriage, few girls of more than eighteen are unmarried, and the young daughter-in-law once she has stepped into her husband's home has sealed her fate. By custom she has to obey her parents-in-law and her husband who have the right to command her labour and even to sell her should they deem it necessary. It is a fact that many a daughter-in-law has thus changed her husband and home against her own desire. There are many peasant women in Pingnan who have been sold and re-sold as many as four times. There are also women above fifty who cannot escape from such a practice. As is generally known, the usual price of such a deal ranges anywhere from $50 to a little over $100, according to the health and age of the women.

Another form of acquiring labour power in the peasant family is through concubinage. Instead of hiring wage earning agricultural labourers by the year, many rich peasant families take in concubines who are considered from the point of view of field work to be much less expensive. To begin with, concubines receive no wages. Usually they are given a certain amount of cotton yarn with which to weave and make themselves a dress, this being the only wage they can expect. Then they do housework in addition to the field labour, a combination which is difficult to obtain from a hired labourer. Finally, the concubines are apt to work harder than the hired women labourers because often they are put in the position of managing hired labourers, and they are more apt to identify their own interests with that of the farm. It is said that concubinage has been made use of among the owners of handweaving establishments, such as in Fu-shan, but such a system of concubinage is certainly more common among the families requiring additional field workers in the villages of Kwangsi.

It is apparent that the only happy girls and women are those

who have escaped concubinage or sale as wives and virtual slaves, perhaps because their families can still hold together economically. Such women are the ones ready to sell their services as seasonal labourers and thus participate in the line-up of the migratory labour market, but such woman form only a small percentage ofthe peasantry and the fact remains that the status of women peasant labourers, in general, is still the lowest imaginable.

(Hsieh Yu-lin and Liu Tuan-sheng, *Agrarian Investigation in Kwangsi;* Tsin Ping, *The Migratory Agricultural Labour in Wuhsun;* CHUNG-KUO NUNG-TS'UN, Vol. I, No. 1, October, 1934, Shanghai.
Nung Yin, *Women Labourers in Kwangsi Villages,* THE EASTERN MISCELLANY, Vol. XXXII, No. 6, 16th March, 1935, Shanghai.
Wei Erh-chiu, *Women Labourers in Pingnan,* Ibid. Vol. XXXIII, No. 12, 16th June, 1936, Shanghai.)

7. COMPARATIVE ECONOMIC CONDITIONS OF TENANT AND OWNER-CULTIVATOR

BEGINNING with 1934, the writer of the present article conducted the work of surveying peasant budgets for the Central Agricultural Bureau of the Nanking Ministry of Industries. Employees were sent to several selected villages to record the daily expenditure of the peasant families. Among the villages thus surveyed, Yu-liang-chuang, near Nanking with 25 families, has no purely tenant families, whereas Siang-hu, near the district of Siao-shan, with 66 families, has no purely owner-cultivator families. Using the budgetary study of Yu-liang-chuang as representative of the general condition of the owner-cultivator and that of Siang-hu as representative of the tenant, the resulting comparison reveals the various differences in the economic status of these two types of cultivators.

As a useful corollary in this comparative study, the agricultural survey of a district near Siao-shan in the same province of Chekiang

may be cited. This was carried out by one of the colleagues of the present writer during the same period that the Siang-hu and Yu-liang-chuang budgets were being recorded, and this survey, covering many villages in the district of Lan-chi, though done without the budget recording, brought out very clearly the difference between tenant and owner-cultivator.

In the case of Yu-liang-chuang, the land owned by the owner-cultivators is 93.43 per cent of the total, and the rest of the land is worked by them on lease. In sharp contrast to this, only 2.43 per cent of the total cultivated land in Siang-hu is owned by the cultivators. It is quite obvious that the former is exclusively a village of owner-cultivators and the latter of tenants and the comparison between the two is all the more valid when it is realized that they are both situated on the Yangtse delta and not widely separated as between north and south China.

Apparently there is little, if any, difference between the two villages regarding the crops cultivated. In the first village, near Nanking, rice, watermelons and vegetables are grown. In the second village, near Hangchow and in the district of Siao-shan, rice is also the dominant crop, but the more highly commercialized crops grown are tobacco and rape seeds. The reason for any difference in the general economy of these two villages, therefore, cannot be ascribed to any difference in the system and nature of cropping. In other words, a general comparison of these two villages must reflect the economic conditions of tenant and owner-cultivator.

The owner-cultivator family is, generally speaking, much more well-to-do than the tenant family. On the strength of this wealth, therefore, the former is able to maintain a larger family, which in turn, enables it to cultivate a larger area of land. The tenant family usually has less land to cultivate because being poorer it cannot lease adequate land to keep all adult members of the family employed, which results in further impoverishment and ultimately in the reduction of the size of the family. Thus, the difference here can be traced fundamentally to the question of land; there is no doubt that the possession of adequate land is the prerequisite to production and wealth.

The average size of families in Yu-liang-chuang is 5.8 with an average of 3.2 working person units and 4.1 consuming person units per family. But in the case of Siang-hu the average family size

is 5.3, and the average working and consuming units are 2.9 and 3.5 respectively. By this comparison it can be seen that in the owner-cultivator village, one working person unit is capable of supporting 1.3 consuming units while in the tenant village this figure is only 1.2. The result of rural surveys in Lan-chi bears out the same difference. Here in the same district the average size of the owner-cultivator family is seven with 1.9 working person units and 5.5 consuming units per family; and the average size of the tenant family is 5.7 with the working and consuming units 1.7 and 4.4 respectively. Thus where one working person unit of an owner-cultivator family can maintain nearly 3 consuming units, in the tenant family it can maintain only 2.5 consuming units.

The fact that the tenant family has much less land to cultivate than the owner-cultivator is conclusively demonstrated by the following figures. In the owner-cultivating village of Yu-liang-chuang, the average size of the farms is 14.6 *mow* per family, 2.5 *mow* per capita and 4.6 *mow* to every working person unit. All these averages are much smaller in the tenant village of Siang-hu, being 9.1, 1.7 and 3.1 respectively. The disadvantage for the tenants of not obtaining adequate land for cultivation is even more sharply reflected by the results of investigation in Lan-chi. Located in the same villages, the tenant family cultivates less than one half the area cultivated by the owner-cultivator family, the comparative figures being, 10 to 26.5 average *mow* per family, 1.8 to 3.6 average *mow* per capita and 6 to 14.1 average *mow* for every working person unit.

Parallel to the relative ability of the owner-cultivator and the tenant to obtain adequate land for cultivation, is their relative ability to furnish other means of production such as fertilizer, implements, animals, wages and seeds. This is shown by the fact that in the owner-cultivator village, Yu-liang-chuang, the average expenditure per *mow* for fertilizer, implements, seed and seedlings is $2.62, which is much larger than $1.74 which is the figure for the tenant village of Siang-hu. A similar comparison between the owner-cultivator and the tenant in Lan-chi shows that the total crop expenditure for the former is nearly $20 per *mow* and for the latter less than $17 per *mow*.

The net crop income of the owner-cultivator is on the average greater than that of the tenant, testimony for this being found in the comparison between Yu-liang-chuang and Siang-hu. In the

case of the former, the gross income from the crops amounts to $300.63 per family, which after the deduction of crop expenditure of $72.99, leaves a net income of $227.64, while in the case of the latter gross income is $220.88, crop expenditure $46, and consequently the net crop income only $174.88. The disparity between the two is manifested to an even greater degree in Lan-chi. Here the average gross crop income for the owner-cultivator family, the average crop expenditure and the average net crop income are all more than double those of the tenant. These figures are respectively, for the owner-cultivator $421.15, $151.44, and $269.71, and for the tenant $168.53, $81.92 and $86.61.

In addition to the crop income and outgo, it is necessary to analyse further the living expenditure, in order to bring out a full comparison between the owner-cultivator and the tenant.

TABLE 21. THE LIVING EXPENDITURE OF PEASANT FAMILIES (1934-1935)

	Owner-cultivators (Yu-liang-chuang) Per cent	*Tenants (Siang-hu) Per cent*
Food	70.93	73.33
Clothing	4.32	1.25
Fuel	11.10	15.76
Wedding, funeral and other social expenses	4.26	5.41
Expenditure on account of superstitious beliefs	7.53	3.44
Other items	1.86	0.81
Total	100.00	100.00

It will be noted that with the tenants, the expenditure for food and fuel takes a larger percentage of the total than in the case of the owner-cultivators. This alone clearly indicates the lower standard of living of the tenants. The comparison brought out here may again be supplemented by the result of Lan-chi investigations which shows the average annual living expenditure of the owner-cultivator family as $282.32 of which 54.81 per cent goes for food, and that of the tenant family as $146.23, the percentage for food being 64.75.

The Lan-chi investigations have further shown the definite relation of land possession to the standard of living, as shown in Table 22.

Here it can be seen that there is a definite correlation between the degree of land ownership and the relative power to consume; in other words, the capacity to spend is ultimately dependent upon the status of land ownership.

TABLE 22. THE RELATION BETWEEN TYPE OF LAND POSSESSION AND CONSUMPTION POWER (LAN-CHI 1934-1935)

Type of family as regards land possession	*Number of families investigated*	*Average annual consumption per consuming unit* (In Chinese dollars)
Landlord	30	75.20
Landlord and concurrently owner-cultivator	163	65.96
Owner-cultivator	665	46.85
Part owner-cultivator	552	41.35
Tenant	410	33.96
Tenant and concurrently hired labourer	101	24.83
Hired agricultural labourer	24	20.26
Total	1,945	44.60

While the owner-cultivator families in Yu-liang-chuang have a small annual surplus and the tenant families in Siang-hu have a certain deficit, the peasant families of both categories in Lan-chi have no surplus whatsoever. As has been stated above, the net crop income of the Lan-chi owner-cultivator families is on the average $269.71 and their annual living expenditure is on the average $282.32, the average annual deficit per family therefore amounts to $12.61. With the tenant families in Lan-chi, this deficit is even greater; after deducting the average living expenditure of $146.23 from the average net crop income of $86.61 there is an average deficit per family of $59.62.

It is obvious that the peasant families are heavily in debt and how far that indebtedness has gone is shown in every investigation carried out. Even in the owner-cultivator village of Yu-liang-chuang, 52 per cent of the families are in debt, with an average indebtedness of $43 per family. A worse situation is to be expected in Siang-hu, and actually there is not a single family in this tenant

village that is not in debt, the average indebtedness being $146 per family. This difference between the owner-cultivator and the tenant in respect of indebtedness is also markedly brought out in Lan-chi where 43.2 per cent of the owner-cultivator families are in debt to the extent of an average $58.35 per family, and 77.8 per cent of the tenant families are in debt with the high average indebtedness of $76.98 per family.

Certainly the final and most valid point of comparison between the owner-cultivator and the tenant is to be found in their relative use of labour power, for the availability of land is the fundamental limit to the actual employment of whatever potential labour power a peasant family may possess. It is not surprising then that in the owner-cultivated Yu-liang-chuang, 34 per cent of the family's potential labour power is employed in agriculture while in Siang-hu this percentage is as low as 26. Concretely speaking, while in Yu-liang-chuang each able-bodied peasant, on the average, can put 125 days into field work in the year, in Siang-hu he can put only 96 days into such work. In the present agrarian situation in China, the inadequate employment of agricultural labour power is a prevalent phenomenon regardless of whether the cultivator is a tenant or owner of the land. Nevertheless, the significance lies in the difference between the two, a difference made possible by the differences in the status of land ownership.

(Tang Hwei-seng, *The Distribution of Owner-Cultivators and Tenants in China and their Respective Economic Conditions,* Tie Cheng Yueh Kan, Vol. V, No. 2-3, March, 1937, Nanking.)

8. MINIATURE OF A REPRESENTATIVE VILLAGE IN SHANGYU

THE DISTRICT of Shangyu, situated on the banks of the Tsaognao river between Hangchow and Ningpo in the Province of Chekiang, is a rich agricultural region and the peaceful village about to be described is typical of the villages in this district. A thick, sandy sediment has been brought up with the tide of the

river. Such a soil is not suitable for the cultivation of rice and the main crops of the village are therefore beans, wheat and maize.

This entire district has not witnessed any civil war since 1926. The taxes have not been collected as far in advance as in other parts of the country where fighting has been recurrent. This then is a comparatively heavenly spot in China and to have a general view of the peasants' life therein must be very significant.

Having been built on the sedimentary soil of the river, this is a comparatively new village with a population of only 92 people divided into 25 families. Half the population are tenants. Twenty per cent of the families, or 16 per cent of the population, are part tenants who usually own two or three *mow* of land and a shabby house of a few rooms. The difference between the latter and the former is simply that the part tenants have to meet direct taxes in addition to rent payment and are often subject to arrest by the police and imprisonment because of their inability to pay their taxes.

Five families cultivate their own land but the total area that they own and cultivate is only 25 *mow*. Because of tax burdens and occasional floods or similar calamities these five families are gradually being forced to sell their land to the village landlords. Already 90 per cent of the peasants are working for the landlords who form 10 per cent of the population, or eight per cent of the families. These landlords own 90 per cent of the land in the village. Their land is leased to tenants and part tenants, with the result that half the village population cultivate 75 per cent of the land.

The process of land concentration is not only facilitated by the bankruptcy of the peasant owners but also by the fact that only the landlords are in a position to buy land newly formed in the river bed. The price of this new land is comparatively cheap, usually $16 or $17 per *mow*. Sometimes the more powerful landlords claim the land without paying for it, on the grounds that they have built a mud dyke to protect it. When such land is leased, the peasant tenant is only asked to pay $3 or $4 per *mow* annual rent, about half of what he would have to pay for old land. Later, when the tenant has brought this land to a state of fertility, the rent is increased almost yearly. This rent accumulation enables the landlord to make further acquisitions.

The cash rent in this village ranges from $4 to $10 per *mow*, equivalent in value to 40 per cent to 80 per cent of the harvest.

The peasant tenant can only cultivate the land for which he has paid the rent for one year in advance because such rent in advance is demanded at the time of the lease. Thus the tenant is forced to make a loan from his landlord on which he has to pay monthly interest at the rate of 1.3 to 1.5 per cent. In this way, although the nominal rent is $7 per *mow,* the real rent burden becomes $8 per *mow.* While the tenants have to face all the risks involved in agriculture, which may result in their being deprived of a whole year's income, the payment of the rent in advance always assures the landlords of an annual return.

In recent years the upkeep of the dykes has been utterly neglected and deforestation has reached its limit. More and more sand has been washed into the rivers making them shallower and consequently several days of heavy rain causes a flood, and lack of rain for half a month produces a drought. This has greatly reduced the harvest yield.

TABLE 23. USUAL HARVEST YIELD PER MOW IN PICULS

	Beans	*Wheat*	*Maize*
In Previous Years	1.2	1.0	2.0
1934	.8	.4	.8

The agricultural prices have in the meantime dropped as can be seen from the following table:

TABLE 24. USUAL PRICE PER PICUL IN DOLLARS

	Beans	*Wheat*	*Maize*
In Previous Years	12	7	7
1934	7	4	7

This drop in prices has been a tremendous blow to the peasants. As has already been said, they cultivate beans, wheat and maize because they cannot cultivate rice owing to the unsuitability of the soil. They sell these products and buy what they themselves need, chiefly rice, salt and cotton cloth. Thus above all, they need cash.

The poorer ones are less able to hold out for a rise in price than the more well-to-do; they, therefore, suffer most from the drop in prices.

On an average, a tenant who cultivates eight *mow* receives $102 as his total annual income. His total annual expenditure amounts to $166 minimum, the deficit being 60 per cent of the income. Out of the total expenditure, rent amounts to 55 per cent; fertilizer, wages during the harvest season and other items amount to 42.5 per cent. The rent, in fact, not only swallows the entire profit but allows nothing for a subsistence wage for the tenant and his family.

The poor peasants cannot afford to eat rice regularly. In the morning they usually eat mush made from maize flour; at noon and in the evening they have a mixture of rice and cracked maize which is too coarse to be sold. Despite such a poor and inexpensive diet the food item amounts to 47 per cent of the income. The amount spent on clothing has long been reduced to the minimum. One coarse cotton shirt lasts them for seven or eight years. It is no wonder then that the peasants always say that the more they plant and the longer they plant, the more intense their suffering. There is not one who does not wish to abandon agriculture and find a place in the city. During 1934, seven people, two of them women, thinking that they had a chance worth trying in the city, courageously left the village. What was the result? One of the two women became a domestic worker in a city house whilst the other woman and all five men were forced to return to the village utterly disappointed.

As things now stand, the peasants see only one way out and that is a reduction in rent. It is true that in 1927 the government issued a decree for rent reduction on cultivated land. For seven years the peasants have stretched their necks looking for its realization, but up to now they have seen no sign of the enforcement of this decree.

Of course the peasants are illiterate through no fault of their own. They do not know how to write a proper petition, nor how to send it to the proper quarter. The landlords, however, are not only familiar with all these things but are on good terms with the local officials. A petition, which represents the exhaustion of both money and energy on the part of the peasants, is easily squashed

by a mere gesture from the landlords to the officials, who are very ready to be impressed by entertaining and feasts. Thus the landlords have been able to maintain an organization of their own under the misleading name of 'The Peasants Union'.

Since 1933 the government has issued decrees for enforced enlistment in a trained reserve corps. Rich families are able to hire substitutes to take this training but peasants are forced to go themselves. During their three months absence, their agricultural work has to be neglected. Because of this, many youthful peasants in the village have entertained a great fear of conscription and have evaded it by flight. This has naturally scattered the families and dealt a great blow to agricultural production.

(Tu Chi-yuan, *A Miniature of Agricultural Decline in Shangyu, Chekiang,* CHUNG-KUO NUNG-TS'UN, Vol. I, No. 6, 1935, Shanghai.)

9. RENT DEPOSIT AND ITS TENDENCY TO INCREASE

UNDER JUST what economic conditions rent deposit has been established as a part of the Chinese tenancy system cannot be ascertained at the present stage of historical study, but from the writings of the Sung Dynasty a glimpse of its origin can be obtained. In 1058, in a district near the Yellow River in Honan, the government asked the landlord to pay for the state land on which he was really no more than a squatter. Knowing that the landlord could not meet the land price fully, the district magistrate officially urged the tenants to put up the necessary money for the landlord in exchange for obtaining their rights of permanent tenancy. The tenants were warned that in case of a change of landlord they might be forced to leave their houses and barns and find a lease elsewhere. It is safe to say, therefore, that as early as nine centuries ago, the Chinese tenant had to pay cash as a security for a leasehold.

After the Sung Dynasty moved its capital from the Yellow River valley to south of the Yangtse, large tracts of land in Hopei, Honan and Shantung were confiscated by the nomadic invaders from the north and distributed among their princes. When the Chinese

tenants leased land from them, they had to pay in advance a sum equivalent to two or three years rent to enable the new landlords to live in the luxury that they wished. The conquered Chinese, who had to find land for cultivation, had no alternative but to comply with this demand. When the Manchus came south of the Great Wall, they also confiscated land and distributed it among their aristocrats, and when this feudal land was leased to the Chinese some rent in advance had to be paid. Later, a practice sprang up by which the Manchu landlords exacted from the Chinese tenants a definite sum of money which was not regarded as a part of the rent, but as a definite payment for the leasehold itself. It seems that by the middle of the 18th century this practice of a cash payment, which was really the prototype of the present rent deposit, was already very common throughout the country.

According to the Chinese governmental investigation in 1933, more than 60 per cent of the districts in China are dominated by the system of rent deposits, and this is especially true in the provinces of Kwangtung, Kweichow, Szechwan, Hupeh, Kiangsu and Chekiang. But the degree to which rent deposits are prevalent varies greatly even within the same province. Though this practice is general in the middle, eastern and south-western parts of China, it is particularly dominant in places where industry and commerce are backward, communication difficult, and the number of tenants unusually large.

This sort of variation regarding the practice of rent deposits also applies to a district where the different regions show markedly different tempos of economic development. The district of Paoshan is a good example. Its south-western sub-districts, Tazang, Yanghong and Liuhong, all famous because of the Sino-Japanese war in 1932 and 1937, are contiguous to the municipality of Shanghai. Here the peasants do not rely exclusively on land for their livelihood for they have other ways of earning an auxiliary income and many of them have gone to modern factories. In these sub-districts, therefore, rent deposit is not commonly found. On the other hand, the north-eastern sub-districts of Yue-pu, Shen-chiao and Lotien, also well known because of the fighting there in 1937, are either newly reclaimed sandy land or still remote from urban influences. Here, agriculture is the only means of livelihood and consequently the system of rent deposit is dominant.

The governmental statistics of 1933 show that the highest rent deposits are to be found in Chekiang, Hopei, Liaoning and Kiangsu, ranging from $30 to $40 for each *mow* of land. In Shantung, Kiangsi and Yunnan, it is usually $20, but in most other provinces it is considerably lower. Generally speaking, the scale of rent deposits has the greatest variation in the regions where economic conditions are most advanced, and it is highest in the economically backward regions. As is indicated by the numerous local names for this general system of rent deposit, almost every district or sub-district has its own characteristic form. Despite this diversity, the chief characteristic of rent deposit is either the purchasing of leaseholds by the tenant or the safeguarding of rent payment on the part of the landlord.

In most places in Kiangsu, Chekiang, Fukien and Anhwei there is joint ownership of land by the landlord and his permanent tenant. The landlord, in this case, owns only the bottom rights and the tenant is free to sell his surface rights or to sublet the land. Here, rent deposit is usually regarded as the purchasing price of the entire, or, at any rate, part of the surface rights. Indeed this idea is revealed in the very names given to rent deposit, such as Substituted Head, meaning the substitution of one tenant by another; Planted Feet, meaning the security of the lease; and, more obviously, Tenancy Fee.

Names prevailing in other places such as Faith Money, meaning a payment in demonstration of good faith; Mortgaged Feet, meaning a sort of hostage; Advanced Money, meaning a prepaid instalment of rent; and Money for Rent Protection, signify other origins of rent deposit. At first it was a very small sum of money that was collected by the landlord to safeguard the rent payment and that sum was rarely more than a year's rent. Only in the case of a leasehold from a foreign ruling aristocracy, as mentioned above, was this rent deposit the equivalent of more than a year's rent. Rent deposit however quickly developed into a safe and convenient instrument for the landlord to make extra exactions from his tenant. The original simple meaning of rent deposit has thus long been forgotten and the practice of rent deposit has done much to complicate the tenancy system and to open up a new field for usury.

In the rural regions of Shanghai, where in general the custom

of rent deposits is falling into disuse, it has greatly increased in the economically more backward sub-districts of Chen-hong and Pei-chiao. In addition to the traditional rent deposit, the tenant must pay an even larger sum, ostensibly to meet the costs of leasing. The original rent deposit is set at $10 per *mow*, but the extra fee amounts to $7 or $8 and often $12. In other districts rent deposit has been greatly increased when the landlord is suddenly in need of cash and is willing to take a lower rent in consideration of its being partially paid in advance. Such is the case in some of the sub-districts of Paoshan, Yue-pu, Shen-chiao and Lotien, where the tenant only pays one or two dollars rent, or even none at all, after he has paid a rent deposit of more than $50. This idea of a heavy rent deposit, which is to be followed by a light rent, is also carried out in a nearby district north of the Yangtse, called Tsin-kiang, but the small and middle landlords in Tsin-kiang have gone a step further for they collect a rent deposit as high as $30 per *mow* and yet exact an annual rent only slightly lower than the customary one. They even go so far as to make the tenant sign a promissory note to fulfil the amount of the rent deposit by instalments when he is unable to meet it at one payment. This means that the rent deposit is increased by the amount of the interest on the unpaid instalments.

In many districts, notably in Kwan-yun in northern Kiangsu, near the eastern terminal of the Lunghai railway, the landlords usually threaten their tenants with eviction in order to exact the maximum possible rent deposit. The tenants have to resort to usurious loans in order to meet this payment, but the landlords of course do not treat the rent deposit as a loan, and what is more, they use it to extend their usurious business. This is one of the ways by which the landlord increases in wealth while the tenant becomes more and more poverty-stricken.

Southward, in the province of Chekiang, new problems have arisen in connection with rent deposit in recent years. Tenants who have paid rent deposit to purchase the surface rights or the right of permanent tenancy, have been evicted. In the cases of non-permanent tenancy, the change of tenants has been even more frequent. Often the landlord chooses a new tenant who will pay an increased rent, and thus the first tenant is evicted even though he has always duly paid his rent, or at least does not have arrears

exceeding the amount of his rent deposit. Furthermore, in many cases rent deposit is not returned to the outgoing tenant.

From the 1932 documents of the Chekiang Landlord-Tenant Arbitration Commission, an official organization originally established in connection with the administration of rent reduction, numerous cases may be cited to throw light on the present tendency. Take a tenant, Chang Tsai-yin in the district of Wu-yi, for instance, who paid $18 rent deposit in 1929; he was then told by his landlord in 1932 that this would have to be increased on account of the high price of grain. When Chang failed to comply with this demand, the land was leased to a second tenant, Yang Chin-lien, who paid $23 rent deposit. In Chekiang's southermost coastal district, Ping-yang, rent deposit ranged from a few hundred cash to 2,000 cash (at most $2 at that time) thirty years ago. Since then, nearly every new tenant has had to pay a little more in rent deposit than his predecessor, until now it has reached the high rate of $20. When the tenant has been unable to pay such a high rent deposit, it has become a common practice for him to meet this requirement by paying an additional annual rent amounting to one-third of the original.

In Loh-ching, also a coastal district north-east of Ping-yang, a peasant, Chen Ke-tsun, leased six *mow* of land with a payment of $16 rent deposit. His landlord sold the land in 1930 to one Nie Min-tsiang, but on the pretext of rent default kept the rent deposit. Thus when Chen wanted to continue his lease, he was forced to pay Nie a new rent deposit of $45. To Chen's great surprise, when he took his first rent to Nie, in the following spring, he was told that it should still go to his original landlord. He then realized that the land sale the previous winter was nothing more than a mock deal designed for the purpose of confiscating his original rent deposit and extracting from him a new and higher one.

The uncertainty of rent and rent deposit is also found in many other provinces. In southern Anhwei, particularly in the more commercialized districts of Wuhu, Kweichu and Tungcheng, the tenants usually pay, in addition to the regular rent in kind, a certain amount of unhusked rice, under the name of 'interest rice'. The land on which 'interest rice' is paid is called 'interest land', which in turn simply means that rent deposit has not been fully paid up. The customary practice in these districts is for the tenant first to pay up about one-third of the required rent deposit and then to

pay the annual interest rice of six to seven *catties* unhusked, for every dollar of the unpaid portion of the deposit. Before the peasant revolts under the Red influence in the district of Hoh-shan, in south-western Anhwei, the rent deposit was as high as $60 per *mow,* even in the case of share rent by which the landlord received half the crop. Still there was a general fear among the tenants that they would be evicted at any time. The whole situation has changed, however, since these revolts, for the land price has dropped from $300 to $100 per *mow* and rent deposit has consequently been reduced from $60 to a little over $10. Evidently Hoh-shan has been so depopulated that it is now possible for the tenant to demand some compensation for disturbance, in addition to the refunding of his rent deposit; and this also applies in the case of a change in the lease.

As in other provinces, the rate of rent deposit in Kiangsi varies widely. In the southernmost districts it is less than $10 per *mow,* while in the districts near Nanchang it is as much as $100 per *mow.* This latter figure seems doubtful, but it has been reported from the district of Chingkiang. In the districts of eastern Hupeh, the common rate is from $5 to $15. In Tsa-yang, northern Hupeh, where land ownership is very concentrated, there seems to be a maximum possible rent deposit. As a general practice here, the landlord asks as much rent deposit as possible and consequently accepts as proportionately little annual rent. When 10 *mow* of land valued at $250 is leased out with a rent deposit of about $188, there is no payment of annual rent so long as the tenure lasts. If this same land were to be leased with a rent deposit of from $37.50 to $62.75 (converted from cash) then $11.25 or $8.75 would be paid as annual rent.

So long as the landlord is in a position to exploit, he can readily find some trick to advance his own interests. In this north-western corner of Hupeh, after famine years, the landlords often purposely lease the land to tenants with over-lapping boundary lines, in order to extract more rent deposits. When the tenants become aware that they have been deceived, they are not able to obtain any compensation, but have to distribute the land for cultivation among themselves as best they can. Very high rent deposits are also found in the district of Nan-chan, west of the Han river. Here a tenant has to pay a 50 per cent share rent for spring and autumn crops

despite the high rent deposit of $25 per *mow*. Even then, whenever the landlord finds it possible to lease the land to a new tenant who can pay a higher rent deposit, he will change the leasehold regardless of the tenure specified in the original contract. In some places this practice has gone so far as to make the amount of rent deposit almost equal the land price itself. This has been possible not only because of the greed of the landlord but also because of the sharp competition among the peasants to secure the leasehold.

Rent deposit as a means of usury is widely used in the province of Szechwan. The method of exploitation has gone further and is more complicated than the system of 'interest rice' found in southern Anhwei. The system of sub-renting is connected with the payment of rent deposit in the district of Hökiang, for instance, and therefore the sub-leaser necessarily pays a higher rent deposit for he has to rely on the first leaser for a cash advance. The rich people in Hökiang—and undoubtedly many of them are landlords themselves—pay a certain amount of rent deposit and become the first leasers. They sub-rent the land to the tenants on two conditions; first, the tenants have to pay a rent deposit at the rate of $20 to $25 per *mow;* and second, if they cannot meet the payment at once, they are required to pay as much as they are deemed able to after investigation. Furthermore, to make up the unpaid portion of this high rent deposit, the real tenant is required to pay an extra annual rent of 1 to 4 *piculs* of unhusked rice for each $10 unpaid.

Even among the fairly well-to-do people, who individually are not wealthy enough to pursue such a usurious practice, there are those who have been so attracted by the gains that it offers, that they join together in groups of ten to make a collective deal. This seems to be a prototype of the credit cooperatives, organized and financed by the big Chinese banks.

There has been a general rise in rent deposits, especially in the south-western provinces of Yunnan, Kweichow, Kwangsi and Kwangtung. With the lack of detailed information from any of these places, however, an index may be taken from the result of field investigations in Paoshan, near Shanghai. In a period of ten years, from 1923 to 1933, the more backward regions of this district have had their rent deposits increased from 160 to 300 per cent. In the suburbs where truck gardening is common and where the tenants' income is relatively higher, the increase of rent deposit

during this period was 555 per cent. Taxation certainly had much to do with such a rapid increase, for it was difficult to oppose tax increase or to advance the rate of rent, and thus the landlord was forced to raise rent deposits by various means. In a northern subdistrict of Paoshan called Liuhong, rent deposit was not very common, but during the past few years many Paoshan tailors and matting workers returned from Shanghai with their cash savings, and as these people competed for the lease of land, the custom of rent deposit began to spread. In 1933 the usual rate was $8 per *mow*.

As a result of a general enquiry made by the students of Nanking University, it has been shown that the area of agricultural land leased with rent deposit has increased, whereas that without rent deposit has decreased in the districts of Kunshan and Nantung. While the reason for this increase in Kunshan is not known, the case in Nantung was chiefly due to the expansion of the cotton textile industry. When the landlord saw a good chance to collect raw cotton and speculate with it, he naturally wanted to accumulate more cash and therefore he exacted from his tenant about $10 rent deposit per *mow*. Thus the cotton region showed not only the transformation of rent from kind to cash but also a rapid increase of rent deposit.

Inasmuch as rent deposit has undergone a very significant functional change, because of taxation, usury development and further commercialization of agriculture, so it can be seen that nearly every phase of the Chinese agrarian problem is so closely connected with tenancy that the land question is truly the kernel of the whole problem.

(Chu Min-chiu, *The Evolution of Rent Deposit in China,* CHUNG-KUO NUNG-TS'UN, Vol. I, No. 4, January, 1935, Shanghai.)

16. MILITARY REQUISITIONS AND THE PEASANTRY

MILITARY requisitions are taxes temporarily assessed in the name of military service, chiefly taken in the form of labour and kind. Taxation in labour and kind is as old as the history of Chinese taxation, beginning in the ninth century B.C., and dominated its early history for six hundred years. During those six centuries govern-

ment tax and agricultural rent were inseparable. Those in control of the military and political forces were also those controlling the grants of land to the cultivators. Thus it was impossible to divide what they took from the cultivators into rent and tax. They compelled the people to build houses and other structures for them, without even furnishing them with the necessary tools, and in addition made the people supply them with clothes, food and other necessities of life. In times of war the people had to supply the carts, horses, fodder, food and war weapons, in addition to their fighting services. Although taxes assessed and paid in the form of money existed as early as the sixth or seventh century B.C., they were required of only a small number of merchants up to the fourth century B.C. and were, therefore, not a general imposition.

Up to the middle of the Tang Dynasty (towards the end of the eight century A.D.) taxes in kind dominated the entire Chinese taxation system. This form of taxation then began to decline in importance. In the fifteenth century, the payment of land tax, though still assessed in kind, was permitted in terms of money. Tax in kind steadily waned after the sixteenth century. Beginning with the establishment of the Chinese Republic in 1912, all taxes, including the land tax, have been assessed in money, with the exception of military requisitions which are still taken chiefly in the form of labour and of kind.

At the present time military requisitions take three forms—labour, kind and money, at times only one form being used, but occasionally two or three together. From the records of 381 districts, during the two years 1929 and 1930, it appears that no less than 268 districts were subjected to military requisitions both in labour and in kind. The requisitions in labour and in kind far exceeded those in money as regards total value. Of all the military requisitions in three districts of southern Shansi, from October 1930 to March 1931, which amounted to more than two million dollars, only seven per cent of the total value were originally money requisitions, and 93 per cent were originally in the form of labour and kind. From April to October, 1930, the military requisitions taken from five districts in the eastern part of Honan totalled in value nearly 60 million dollars and only five per cent of this was made up of money requisitions. The records of 15 districts in northern Shansi during a war period from November, 1927, to May, 1928,

show that the money requisitions were less than one per cent of the total value collected—$29,632,000.

The military requisitions may be regarded as an obsolete form of taxation, which has long ceased to exist in the economically advanced nations. They have never become extinct in China. In fact owing to the continual civil wars they have become more prevalent. Since the middle of the nineteenth century, through a series of wars—the Taiping Movement, the war with Great Britain and France, the war with Japan, and the Boxer Movement—military requisitions have been made in great numbers. They were made, however, only in the places where there were military activities, and moreover the requisitions were all connected with transportation, except in a few cases of fuel. Now, it appears, military requisitions are not what they used to be. Owing to the sudden increase of troops, the deficiency of funds, squeeze amongst officers and arrears in pay, many Chinese troops have to depend upon the requisitions they are able to make for their food, clothing, housing and transportation. Through a perusal of the Chinese press during 1929 and 1930, for example, it can be seen that aside from money and labour, requisitions were made on nearly a hundred articles, including cosmetics and heroin. In some places the troops even went so far as to ask the community to furnish them with women.

The almost continuous civil wars in China were unmistakably the reflection of the increasing demands of military requisitions. From 1916 to 1924, the average area covered by war during a year was seven provinces. In the following six years, from 1925 to 1930, that area had increased to 14 provinces. Simultaneously military requisitions occurred in an ever widening area. They took place not only in the fighting regions but also in the rear; not only in the mobilized districts but also in the unmobilized. Whereas previously these requisitions only took place in a few provinces, they were now to be found in all 28 provinces. From the relatively meagre materials available, dealing only with the two years 1929 and 1930, it appears that out of the 1,941 districts in China, at least 823 carried the burden of military requisitions. Of all the 28 provinces during those two years, with the exception of Ningsia and Sinkiang, where there were no available materials, 44 per cent of the total number of districts were subjected to military requisitions. Military requisitions are more prevalent in the north

than in the south; in fact in the north 77 per cent of the districts were requisitioned, and in the provinces of the Yellow River valley the percentage was as high as 87.

In the recent development of military requisitions not only was the variety of articles requisitioned increased and the area from which they were drawn extended, but the amount requisitioned also reached a new high level. From the records of the Sing district in Shansi, it has been ascertained that in 1879 the total amount of military and civil requisitions were equivalent to 150 *catties* of millet. In the five months from November, 1929, to March, 1930, the military requisitions in that district were equivalent in total to 1,072 *catties* of millet. In another district, Kwaihsien, in northern Shansi, the people murmured in 1922 on account of the military requisitions which amounted to several thousand dollars, but in December, 1930, they had to shoulder the burden of $152,804 requisitions for that month alone.

The burden of military requisitions has been really appalling. During the first half year of 1928, military requisitions were made in many districts in Shantung, the minimum in any district amounting to $11,445 and the maximum amounting to $107,879. During the second half year, the minimum was $24,773 and the maximum $219,833. As military requisitions were usually assessed on the basis of land tax, a comparison between the two is significant. Taking the land tax without the surtaxes as the base, the index numbers for military requisitions were 81 during the first half year and 141 during the second. In the districts of Shantung, where the evaluation of military requisitions for the entire year of 1928 have been obtained, the index number became as high as 274.

Yet Shantung, in 1928, was not a fighting area nor an area of mobilization. In such areas the degree of military requisitions was, of course, much higher. In the contiguous regions of southern Hopei and northern Honan there was no actual fighting in 1929, but at certain periods of that year they were used as supply bases and mobilization areas. Here the total requisitions in 1929 amounted to 432 per cent of the main land tax. During the latter half of 1927 when there was fighting in Honan, the entire province of Shansi was used as a military supply base, where during five months from August to December the wheat requisition alone amounted to 97 per cent of the main land tax.

In the fighting area of eastern Honan during the seven months from April to October, 1930, the average burden of military requisitions in each district was 40 times higher than the main land tax. In fighting areas where army discipline was especially poor it is only reasonable to expect that military requisitions were even higher than this. The best illustration of such a case is to be found in northern Shansi at the time of the Mukden-Shansi fighting, from November, 1927, to May, 1928. Here 15 districts were burdened with military requisitions which amounted to a total value 225 times as high as the main land tax.

From October, 1930, to March, 1931, part of Yen Hsi-shan's and Feng Yu-hsiang's armies retreated to the southern part of Shansi, where during those five months four districts each had to furnish, on an average, $670,000 worth of articles, this sum being 2,216 per cent of the main land tax. Here there was no fighting and no mobilization, but just the ordinary upkeep of the armies caused the requisitions to be 22 times as high as the land tax.

There are various forms of exploitation by the militarists, who control both civil and military government. These extend from forms that are considered legal to those that are pure robbery. Military requisitions as a form of taxation obviously lie somewhere between the two. Compared with other taxes they may not appear so enormous, but even so they are a formidable burden to the people.

The exploitation by the militarists cannot be realized without the help of the bureaucracy and the gentry. Thus, though military requisitions are assessed by the militarists, they are also an institution through which the officials and ex-officials can rob the people. Indeed those with a finger in the pie often go beyond the limit of official assessment and make additional levies at their pleasure. These extra levies are often made, not only at times of military requisitions, but on other occasions under such a pretext.

There are various ways by which these extra levies have been made, the simplest being the augmentation of the requisitions at the time of collection. This is made possible because the people in general have no way of finding out exactly what the original requisition was. Because of such manipulation the assessment of two *catties* of flour becomes two-and-a-half; three *catties* of hay, six; four carts, 16; and 60 transportation carriers, 90. The payment of $50 for each mule assessed becomes $100 and, in

the case of money requisitions, $25 becomes $119. Thus, the amount actually requisitioned is several times that originally demanded.

The collections are carried out by threats and deceit and in the last resort the collectors can always make their gains by false measurements and by manipulation between coins and paper money. Sometimes the requisition is purposely divided into several instalments so that additional demands may be made at each instalment. For instance, in the district of Weinan, in the middle and eastern part of Shensi, four instalments were demanded in the year 1930 to 1931 on 10,000 *piculs* of wheat. At the end of the fourth instalment 11,000 *piculs* had actually been collected, of which however, only 7,000 were reported and delivered by the magistrate, Chang Kung-fu. The provincial authorities then demanded the collection of an additional 3,000 *piculs* to make up the original sum. On this pretext a further collection of 4,000 to 5,000 *piculs* was then made, of which only 410 were handed over to the provincial authorities. In this way, while the provincial authorities received 7,410 *piculs*, the collectors, including the magistrate, took over 8,000 *piculs*.

Those controlling military requisitions often cooperate with the merchants, such as grain dealers, who pay the requisitions in one sum when due, thus giving the peasants time in which to pay. But the requisition collector and the grain dealer previously arrange to raise the price of grain 100 per cent or more and this difference between the fixed and market price is pocketed by the merchant and collector after the process of requisition. Sometimes the troops have moved away before the collection of requisitions has been completed and in such cases not only have the articles already requisitioned been appropriated by the collectors but the requisitions have often been carried on until the original appraisement was fulfilled. This continuous collection has been possible because the bureaucrats and gentry bribe the military to give them false receipts for articles before the troops move away. All these are merely examples of the different ways in which the bureaucrats and gentry have made the military requisitions an almost intolerable burden for the people.

Generally speaking, the Chinese bureaucrats and gentry are either landlords or merchants. In the Yellow River provinces, where military requisitions have been most prevalent, the majority of merchants are simultaneously landlords but their shops are mostly

located in the cities. These merchant-landlords pay the requisitions through their shops and therefore what they pay is relatively a very small part of the total collected. From 1929 to 1931, the shops in the cities of Hopei province paid only 12 per cent of the total amount collected; in other words, this represents only a small percentage of the profit made by the merchants through their manipulation of prices.

Although the military requisitions have been assessed generally on the basis of land tax, numerous landlords have been able to evade such assessment, especially the larger and absentee landlords. The largest landlords are themselves gentry, bureaucrats and militarists, who invariably make the tenants pay the requisitions for them. In a village of Paoting, for instance, called Hsieh-chuang, only three *mow* of all the cultivated land belonged to the residents, and yet 19 out of the 20 tenant families paid the landlord's requisitions.

While the middle and small landlords generally bear the burden of military requisitions, they are often able to shift that burden on to their tenants in the form of increased rent. Such rent increase has been carried out even in the case of share-renters, as in the district of Hsin-cheng in Honan. Here, the tenants formerly gave half of the crop proper and half of the by-products after a certain amount of the latter had been reserved entirely for themselves. Lately, however, owing to military requisitions that the landlords have had to meet, the tenants have had to divide the reserved portion of their crops with their landlords as well. Naturally most of the tax burden, in an agricultural country like China, falls on the peasantry; this is particularly true in the case of military requisitions.

Military requisitions are ordered either directly from military headquarters or indirectly through the military supply station and the provincial government. The district governments to which these orders are passed are required to fulfil them in three to five days. On receipt of such orders, the magistrate calls a meeting of representatives from all important local organizations and influential gentry of the countryside. At such a meeting the requisitions are quickly apportioned among all the sub-districts and villages. As regards the requisition for carts, horses, mules and donkeys, this is divided among the sub-districts which in turn re-divide their portion among the villages. But in the meantime, the district government

sends police and messengers to notify the villages of the urgency of the requisition. On their part, the village governments make assessments of all families. Under the persistent pressure and insistent demands of all these authorities, the peasants are forced to meet the demands.

The exact amount of each family's assessment is usually based upon the amount of their tax or, as is often the case, upon the size of their land ownership. The latter may either mean the unit of agricultural land owned or the unit on which land tax is assessed, for in the Yellow River provinces the two have been historically separate.

As may be seen in the case of the village of Meng Chuang in Paoting district, the poor peasant families have to bear a heavier requisition burden than the more well-to-do. From the summer of 1929 to the summer of 1930, this village had its military requisitions assessed upon the basis of the unit of agricultural land owned. Each *mow* was assessed to the value of $0.187. Of the 121 families in this village, cultivating their own land, the budgetary positions of 117 have been examined, the records of the remaining four being either unobtainable or not clear. When these families are grouped according to the number of *mow* owned, it appears that the average number of *mow* owned per family in the lowest group is 6.01 and that in the highest group 162.03; while the average value of requisitions in the former is $1.12 and that of the latter $30.30. This would seem to be a more or less just distribution of the burden, but the real value of land must be judged on income derived and not on mere area, and the picture entirely changes when the families are grouped according to their crop incomes. The average crop income per family increases very rapidly from the lowest group to the highest, whereas the average value requisitioned per family increases rather slowly. Out of the lowest crop income group of $25.61 as much as $1.67 had to be paid as requisitions, while in the case of the highest crop income group of $327.95 only $15.60 had to be paid. Thus it is seen that those with less land bear the heavier burden.

Among the families of the lower groups, the crop income is often insufficient to cover family expenditure and yet requisition payments have to be met. Families with bigger crop income, on the other hand, can meet the requisition payments relatively easily.

Though in both cases the same percentage of income may be taken in requisitions, the burden on the peasants with a meagre income is felt much more keenly. Many peasant families are in debt, even without requisitions, and requisitions only drive them further into debt. In the village of Meng Chuang, 99 out of 117 families are not able to live on their crop income and 65 per cent of these poorest families work as hired labourers or become part time pedlars, and 46 per cent of them, without finding auxiliary employment, resort directly to loans. It is these poor peasants who in reality suffer most from the military requisitions.

In the northern provinces of China, almost every kind of shop acts as a usurer to the poor peasant families, who have to pay grain, fodder or cash as requisitions, and to those who after having paid requisitions have to borrow in order to subsist. Loans from shops, however, have to be accompanied by some sort of security. Thus poor families not able to offer such security in the form of house or land, must seek loans from their relatives, friends and neighbours. Failure to raise loans in order to meet requisitions inevitably means arrest, torture and imprisonment which are the only means of evading payment.

In some places that the troops pass through the soldiers make direct unauthorized requisitions and in such cases the peasants suffer more than in Meng Chuang. The incessant demand for this article and that, the mending and darning of clothes and the preparing of meals, etc., absorbs the peasants and leaves them no time to work in the fields. Almost any kind of animal suitable for transportation and field work is snatched away from the peasants even though they may first try to keep them through money payments. Finally the peasants maim the animals—blinding them or ripping their mouths, or both—in the hope of being able to keep them, not for field work, of course, but for milling or for meat. The constant depletion of the stock of animals, implements and the food supply have had drastic and far-reaching effects on agrarian economy and military requisitions have no doubt been responsible for turning fertile areas into barren famine regions.

(Wong Yin-seng, Hsieh Pin-hsien, Shi Kai-fu, *Military Requisitions and their effect on the Peasantry*, a Monograph published by the Academia Sinica, 1931, Shanghai.)

11. LABOUR TAX IN THE BUILDING OF THE SZECHWAN-HUNAN HIGHWAY

IN ORDER to complete the highway link between Szechwan and Hunan, the governmental authorities decided in September, 1936, to construct a road from the south of Chungching to the southernmost point of the province on the Hunan border. By October, orders had been given to enlist voluntary labourers for work on this section of the highway which covered seven districts. From Yikiang through Nanchuan and Fowchow to Pengsui is the first sub-section, and from Pengsui through Chienkiang and Yuyang to Siushan is the second sub-section of this stretch. The work was carried out simultaneously on both these sub-sections under the direction of all the local committees for labour requisition, which were organized during November. It was not more than fourteen months before the entire work was finished and on 15th January, 1937, the road was opened to traffic.

When the order for the conscription of labour passed from the District Magistrates through the Chiefs of Sub-Districts and then through the Chiefs of Villages to each family, there was sudden and general consternation. For on this occasion the rich had to give money as a substitute in order to get out of actual labour and the poor had no alternative but to labour against their will. The people here have no knowledge of the building of the pyramids but they know the tales of suffering in connection with the building of China's Great Wall. Pressed by the village chiefs and tax collectors to leave their own work and families and in the depths of helplessness and woe, the peasants resort to their gods and prayers for protection. Everyone of them leaves with fervent hopes that he may return home alive.

This road building was carried out in mid-winter and in addition to suffering from the severe weather, the peasant labourers had to stand whippings from the foremen. The barbarity and the cruelty with which the road workers were treated aroused protests even from that group of gentry which was expected to be most indifferent. In criticizing the conduct of the road building supervisors, there was one statement which told in effect that in Fowchow a wooden bridge was substituted for one of stone and that for this the peasants were forced to cut ancient trees tens of miles away. Not only did

the peasants have to drag these huge logs along precipitous paths at a rate of twenty miles a day but in addition to the non-payment of both their wages and board they were frequently beaten by the supervisors.

Naturally enough many riots took place among the road workers. In the district of Chienkiang, for instance, where the foremen frequently beat the unpaid workers who could not even sufficiently feed themselves, a big riot was organized with a secret peasant society at the back of it. Lien Yin Chao, as this particular organization is called, is superstitious and semi-religious in character as all backward, peasant movements are bound to be. Taking advantage of the situation wherein a great number of peasants were closely congregated on the road, the head of Lien Yin Chao lured these peasants by preaching his magic way of resistance, a method reminiscent of the Boxers. It was said that by drinking a certain mysterious water the drinker would be immune to knifing; and this of course helped to encourage such slogans as resistance to taxation, destruction of the roads and the demolition of the official Bureau. Under such imaginary protection and with a fervent desire to revolt, a big riot took place in Chienkiang in which a foreman was killed and the Engineering Bureau destroyed. A similar riot also occurred in Fowchow during which the peasant road workers disarmed part of the local militia and killed another foreman.

The corruption in the administration of road building was widespread and had many undesirable effects on the workers. Very often those who were connected with this administration connived with the rich families whose fields, orchards or graveyards happened to be located in the line of the proposed road. As soon as they had received bribes in one form or another from these rich people they changed the route under such pretexts as the reduction of engineering costs or the selection of a better topographical position. In Fowchow alone, the changes made at Piengnai, Tzemeiju, Szeyuan, Tungchiakow, Hungtohsu, Tungtzeyuan and Sintientze were all due to the fact that the officials of the Engineering Bureau were bribed. Often changes were effected when the work was almost half done, but such huge waste of labour never entered into their consideration. To them the conscription of labour was a matter of course and by no means difficult to enforce since it was always done through governmental orders.

Another form of corruption in general practice was squeezing. There was many a place where the professional stone-workers were specifically required to build caves and pavements. The officials in charge, however, pocketed the wages to be paid to these stone-workers and in their place put ordinary conscripted peasants to work. In some places where stone-workers were actually employed they were paid at a great discount, and, therefore, there was a large number of them who were on the border of starvation after the work was completed. In one case a worker was deprived of his wages to the extent of $50.

Due to this squeezing, the employed stone-workers were actually reduced to a state of unpaid conscripted labour. The stone-workers therefore frequently tried to run away secretly. Many of them who failed in so doing, or who were brought back by force, were so impoverished that they had to get their food from the local shops on credit. As a result of this it was not long before many of the rice shops voluntarily closed, and in one case at least the rice merchant became so desperate that he committed suicide by poisoning himself.

On the day on which the entire stretch of the highway was opened to the public, a group of newspaper men in Chungching participated in the ceremony and were asked to inspect the road. One of the papers, the *Sin Tsou Pao*, described a group of peasant road workers who were still kept on the highway as bona fide beggars. These poor creatures mistook the press people for high governmental officials and consequently rushed to them to explain their sufferings. Among other stories they told how had come from far distant villages, had been working for many weeks without pay and had even pawned their belongings to get their food. Indeed what cannot be fully described is the cruelty of those who were put in charge of this road building and the suffering that they caused.

(Pai Yua-yuan, *The Conscripted Labourers on the Szechwan-Hunan Highway*, CHUNG-KUO NUNG-TS'UN, Vol. III, No. 7, July, 1937, Shanghai.)

12. CHINESE COPPER CURRENCY AND THE PEASANTRY

JUST AS in Rome in ancient times, a silver currency, made possible by the Sicilian silver mines, was super-imposed on a copper currency, so in China was a silver currency super-imposed through imports of the Spanish silver dollar. There are still two currencies in China and while the silver currency is important in urban centres that of copper remains the money of the vast majority of the population. The use of the silver dollar currency is to a great extent confined to the circle of the upper social strata, such as the merchants, landlords, rich peasants and officials. But copper coins and copper notes are the monetary factors determining local prices of food and fuel and to a large extent wages; it is therefore safe to say that the cost of living of the entire peasantry is more closely connected with the copper than with the silver currency.

In spite of the depreciation of coppers in recent years, there are still many places in the interior where debts are contracted in terms of copper currency, be it in the form of cash (a coin with a hole in the middle), or copper (coins in several denominations of so many cash), or in notes representing either of the two. Until 1928, there even existed in Foochow, as legal tender, the Dai Fook dollar, which did not represent a certain weight of silver but the value of 1,000 standard cash. Rural debts in coastal provinces are still contracted in copper currency. In Wuchin (Changchow), a district lying midway on the Shanghai-Nanking railway, cash is still being used in farm mortgages. In Poshan (eastern Shantung), also a district on the railway as well as a commercial and mining centre, the loans granted by the money shops in the city were arranged in terms of copper as late as 1927.

Although the use of copper currency for purposes of trade is restricted to rather small areas, owing to its bulk and consequent difficulties of transportation, its exchange rates fluctuate within a very broad margin. Such fluctuation is closely connected with the operation of trade capital. At harvest time money is needed to finance the marketing of agricultural products and thus money flows from the urban to the rural areas. After the harvest, however, funds again return to the city. This seasonal flow of money gives the money shops and merchants a regular opportunity to manipulate the exchange rates of copper currency. Dr. W. Y. Lien of the

National Economic Council in Nanking has shown the fluctuations of the rate of copper coins (one-cent or ten-cash each) in terms of standard silver dollars throughout the years 1927-34 in Shanghai. This study shows that there is always a steady depreciation of the coppers from January on, which reaches a nadir in the summer months preceding the harvest. In autumn and winter, however, there is always a stiff appreciation of coppers in terms of dollars.

In Dr. Bloch's words, 'the seasonal movement of copper exchange rates implies a serious social and economic problem. While the peasant sells his produce for "good" coppers, say 290 of which buy one dollar, he spends the very same coppers later on, after they have become "bad" coppers, say 330 of which are needed to buy one dollar. Just the same, if the peasant, before the harvest, in spring or summer, borrowed "bad" coppers, after the harvest, he must repay the loan with "good" coppers.'

'Through the copper exchange fluctuations, the peasant loses roughly 10 to 15 per cent of the monetary proceeds of his produce, in terms of silver, and from the same cause, he also pays for copper debts, in terms of silver, an invisible interest burden of about 25 per cent per annum, in addition to the nominal interest charges.' There is then an obvious advantage to the usurer when lending money in copper currency as compared with lending in silver currency and such loans are usually contracted for a period of half a year.

Taking Hsuchow as an example, a district in northern Kiangsu at the junction of the Lunghai and Tsinpu railway lines, there are many paper notes in circulation both in terms of cash and of copper. The usual interest in the rural regions is three to eight per cent per month and sometimes as high as 20 per cent. Such loans are often given out in copper currency notes and paid back in terms of silver dollars. Not only does the copper exchange rate invisibly increase the actual interest rate, but it also affects the grain price. When the local grain price in terms of copper currency is registered, there is always a violent movement within a relatively short period, as may be seen from the Table 25. Apparently this drop of 42 per cent within two months was to anticipate the good harvest that was expected, but this percentage did not represent the actual drop because, at the same time, there was also a steady depreciation of the copper currency which

undoubtedly favoured both the grain collector and the usurer at the time of harvest.

Since the only real currency to the peasant is that of copper, he also suffers as a tax payer because of the fluctuation of the exchange rates. That the tax collectors and officials in China are exploiting such a fluctuation for their own illegal gain is so well known as to need no further elaboration. Thus in terms of dollars the tax burden may remain unchanged in many cases, but the tax burden on the peasantry increases in all cases because of the depreciation of the copper currency. Moreover, the tax payer always chooses the most favourable moment to himself in point of exchange rate to deliver the collected revenue to the government. With the continuous fall of copper exchange since 1931, increasing revenue shortage has resulted and consequent financial difficulties have arisen in all the provincial and district administrations.

TABLE 25. GRAIN PRICE MOVEMENT IN HSUCHOW IN A PERIOD OF TWO MONTHS, 1932

Date	*Average grain price per 1/10th of a picul*	*Index numbers*
May 1–5	5,000 cash	100
May 6–10	5,100 „	102
May 11–15	5,200 „	104
May 16–20	5,400 „	108
May 21–25	5,700 „	114
May 26–31	5,500 „	110
June 1–5	3,900 „	78
June 16–20	3,000 „	60
July 1–5	2,800 „	58

A vicious circle has been created in that the more corruption there is in tax administration, the greater necessity there is to increase the amount of taxation. Undoubtedly one of the most crude ways of increasing taxation, similar to the practice of European governments in the mediaeval ages, is the issuing of debased coins. When coppers first came into use in China, they were very popular because they proved to be more handy than the scattered or the strung-together cash, but just as the old copper currency of cash was never very closely bound to its metallic value, neither is the modern copper currency in the form of coppers. This over-valuation put

on the new coppers has been an irresistible inducement to the provincial authorities to gain by additional issuing of these coins, which are so cheaply manufactured and so highly over-valued.

The Kaifeng mint in the capital of Honan province has recently melted down huge quantities of good coin and struck bad coppers containing less copper and more iron than those previously in circulation. The process of driving out good money by such debased coins has also been aided by the Japanese smuggling of copper out of the country. This sort of smuggling has been greatly accelerated by the need of copper during the last European War and the more recent rise of Japanese heavy industry, and has certainly helped to create a dangerous scarcity of copper in China. Honan, however, along with Szechwan is a province where the debasing of coinage has gone furthest and this has been due to the corrupt militarist administration of General Liu Shih, who for many years, and up to October, 1937, was the chairman of the Honan Provincial Government.

In order to show how far the depreciation of copper coins in Honan had gone in July, 1932, it is enough to compare the exchange rates in terms of cash against the silver dollar both within and without the boundaries of the province. At a time when this exchange rate was 2,940 cash in Shanghai, 3,100 in Nanking, 4,000 in Peiping, 4,900 in Hsuchow, 4,100 in Shihchiaochuang, Shunteh and Hantan (all in Hopei), 4,000 in Sian, 4,100 in Huayin, 4,300 in Tungkwan (all in Shensi), 4,200 in Taiyuan (the capital of Shansi), and 6,000 in Hankow, nearly every place within Honan witnessed a much lower exchange rate. The following may suffice as examples. In the centre of the province at Hsuchang, the exchange rate was 7,000 cash during July, 1932, and at Fongcheng towards the south-west it was 8,000. In eastern Honan at Kaifeng it was 6,900 cash and further west at the junction of the two railways, Chengchow, it was 7,500. In western Honan at Loyang it was 8,000, while north of the river at Sinhsiang it was 6,700, at Chihsien 7,200, at Anyang (Changteh) 8,100, and at Tangyin 8,400. This shows that at that time the degree of copper depreciation in Honan almost doubled that in the neighbouring provinces and consequently it is safe to say that the tax burden on the Honan peasantry was even heavier than elsewhere, except perhaps for the province of Szechwan.

The lamentable situation with regard to the copper currency in Szechwan has been long and widely known in China. Perhaps the most concise and scientific description of it has been given by Dr. Bloch, who says: 'The Chengtu Mint started the coinage of coppers different from the type that originated in the beginning of this century. They struck 50, 100 and 200 cash coins. These coins originally had the same advantages over the coppers, as the coppers originally had over the old cash. They supplied the market with handy multiples of coppers, and brought great profit to the mint. Consequently, not only the Chengtu Mint dumped such coins on the market in amounts far exceeding the need for such multiples of coppers, but a great number of military commanders started mints of their own for striking such coins. At one time "it was estimated that there were then not less than 40 mints . . . and it was said that about 70 varieties of coins had been collected by the Currency Department of the Ministry of Finance." No wonder these coins have depreciated. The Customs Report gives the following table for their depreciation:

1922	2,300	cash	equal	one	dollar
1923	3,000	"	"	"	"
1924	3,300	"	"	"	"
1925	4,800	"	"	"	"
1926	6,700	"	"	"	"
1927	8,800	"	"	"	"
1928	8,800	"	"	"	"
1929	11,400	"	"	"	"
1930	15,000	"	"	"	"
1931	15,600	"	"	"	"

According to these figures, the Szechwan copper coins are worth about one-fifth their nominal worth in coppers, i.e., a 200-cash coin is worth not 20, but only four coppers of the one-cent or 10-cash denomination, if their respective rates of exchange in terms of silver dollars are taken into account.'

This rapid depreciation of copper currency has necessitated advance payments of land tax in ever-increasing amounts in Szechwan, and the debased coins from the Chengtu Mint have driven out the better coppers in all the neighbouring provinces. The national currency reform begun towards the end of 1935 has more

or less put a check on this chaotic condition but in order to realize the ultimate aim for which this reform was initiated it will be necessary to bring about drastic changes both in administration and production. Evidently it is the economic life in general that rules the currency and not vice versa.

(K. Bloch, *On the Copper Currencies in China,* NANKAI SOCIAL AND ECONOMIC QUARTERLY, Vol. VIII, No. 3, October, 1935, Tientsin.
Chen Han-seng, *Travel Notes,* unpublished.)

13. POPPY GROWING ON THE YUNNAN PLATEAU

NEARLY in the centre of Yunnan, China's south-westernmost province, linked to Indo-China by railway, is a fertile, well-irrigated plateau lying nearly 2,000 feet above sea level. The agricultural productivity here is greater even than in most of the rich rice-producing regions in China. With a very mild climate, the year is divided into only two seasons, the relatively wet season from June until October, and the relatively dry one from November until May. Corresponding to this, two main crops are planted during the year—rice followed by opium poppy, wheat, beans, peas, or rape.

The district of Kunmin, in which the provincial capital is located, is perhaps the richest agricultural region in Yunnan, but there are as many as 29,750 *mow* under the cultivation of opium poppy which represents seven per cent of the total crop area in Kunmin. This percentage is much higher in Lofong, a district west of Kunmin, where in the autumn of 1934 it was estimated that while beans occupied 50 per cent of the crop area, wheat 10 per cent and fallow land 20 per cent, the remaining 20 per cent was covered by opium poppy.

Opium in Yunnan is planted in September and until it blooms in February the land is laboriously worked. In March the pod ripens and is harvested. The opium extracted by boiling from these pods varies in quantity according to the fertility of the land on which the plant is grown. Generally speaking, 60 *catties* may be obtained

from one *mow* of the best land, 50 *catties* per *mow* from the medium land and 30 *catties* from poor grade land. As the local market price of opium per *catty* is usually 60 to 70 cents of the standard Chinese dollar (which means $5 in old Yunnan paper money), the total crop value of opium is often 25 per cent of the land price.

The deadly effect of opium on agricultural life in Yunnan is very apparent. Large scale poppy growing itself has induced many peasant families to contract the smoking habit and according to the consensus of opinion in Yunnan, opium smoking has been the outstanding factor in bringing about an agricultural decline and peasant bankruptcy. Conditions are at their worst when the manager of the family is himself an addict. With his inclination to be slow and lazy, the work of the family and farm becomes hopelessly inefficient and disintegrated. The decline in income only makes it more impossible to meet the increasing expenditure—the opium tax, the purchase of prepared opium and medical attention which becomes increasingly necessary. In many cases the women from bankrupted peasant families are forced into prostitution and most of the able-bodied men from such families become bandits, and in both cases those who had already formed the habit, continue in it.

Under such demoralizing circumstances, theft also prevails. The peasants have not only to guard against banditry but are compelled constantly to watch for the thief, and this has brought about another significant effect on agriculture in general. For fear of theft the peasants avoid planting fruit trees and vegetables which they cannot protect. Even in the case of grain, the tendency is to reap the harvest before it is fully ripe. This premature harvesting, together with the tendency on the part of the opium smoking peasants, who lack normal energy, to till the land less and less deep, cannot but cause a steady decline in argicultural productivity.

The curse of opium has naturally spread to the cities. As soon as a visitor arrives at the provincial capital he will inevitably be impressed by the general lack of energy among the ordinary coolies. If he is going to ride in a ricsha he will have to select the ricsha-puller with care, or he is likely to get one who is weak and who cannot reach his destination without repeated stops. The shopkeepers and handicraftsmen are also among the opium victims, their establishments being late to open in the day. It is said that the daily consumption of opium in the city of Kunmin amounts to

more than 8,000 *catties,* though the total population does not exceed 150,000.

On the railway that runs from Kunmin south to Indo-China, there are always one or two opium lamps in every car, the fourth class being no exception. On the lake steamers, plying between Kunmin and Kunyang, a journey of only three hours, passengers can often be seen lying on beds assiduously operating their opium pipes. Since Yunnan is an opium-producing province, the price of it is relatively cheap and it is easily obtainable. Whereas the rich or the unemployed contract the habit of opium smoking for the sake of passing the time, the poor and hard-working take to it as an alleviation from the excessive fatigue resulting from their daily work. Opium has so penetrated into every class that 35 to 40 per cent of all the male adults have become opium addicts.

It goes without saying that even the opium addicts realize their plight and would not be against opium prohibition if it were to be wisely and strictly carried out. The basis of poppy growing, and indeed the increase in its cultivation, lies in the financial policy of the provincial government. So long as the provincial authorities do not abandon the present destructive taxation policy and adopt a healthy and normal tax system, both for sound finance and for the encouragement of agricultural production, there is not the slightest hope of wiping out this vicious product which exhausts the soil and consumes the potential labour power.

In Yunnan there are two main items in opium tax. The first is under the name of *mow* assessment, more commonly known as the fine money in connection with 'opium prohibition'. Officially there is a Bureau for 'opium prohibition' but actually it is a tax collecting Bureau. In the name of prohibition, this Bureau has fixed the maximum number of *mow* that may be used for opium in each of the hundred and seven districts, fifteen border administration regions and two special administration regions. For each *mow* thus allowed, $2 ($15 in Yunnan paper money) must be paid as opium land tax, and this is in addition to the land tax proper, which itself is as high as 73 cents (standard money) per *mow* in Kunmin. Though theoretically this opium land tax is a fine, there is an additional fine on each *mow* of opium land in excess of the fixed maximum number. The amount of this additional fine varies with the different administrative divisions, being 30 per cent of the opium

land tax when collected by the sub-district, 50 per cent when collected by the magistrate and 100 per cent if the Bureau of Opium Prohibition makes the collection itself.

According to the system here described, each *mow* of land under opium cultivation has to pay from $2.50 to nearly $5.00 in tax. Since the maximum number of opium *mow* allowed to each district averages 8,000 *mow,* the opium land in the entire province yields approximately a total of $2,480,000 ($18,600,000 in Yunnan paper money). This, however, does not include the tax and additional fine on the opium land above the maximum number of *mow* allowed in each district. This first item in opium tax by itself is the leading item of provincial revenue income. According to the 1931 budget officially announced by the Provincial Finance Bureau, out of the total annual income of $57,450,000 (Yunnan paper money), while $2,400,000 was to come out of profits from note issuing, $2,650,000 was to be derived from transit levy, $4,200,000 from land tax and $5,500,000 from land tax, the opium land tax and additional fine (without land tax proper) was to provide $20,300,000. Thus one of the two main items in opium tax occupies 35 per cent of the total tax income.

Opium sales tax is the second main item, the total collection of which amounts to not less than that of the opium land tax, i.e. not less than 20 million Yunnan paper money. By legal regulations, no opium export can be done without going through Kunmin where merchants, specially commissioned by the provincial government, enjoy the monopoly of the export business. Through these merchants the opium sales tax is collected at the rate of $100 Yunnan paper money per 100 *catties* of opium, accompanied, however, by two surtaxes, $5 for Customs registration and $25 for road building (chiefly of course for opium transportation).

Furthermore, the Provincial Government Bank makes a handsome profit from opium export. When the merchants in Kunmin collect opium they are obliged by law to receive a loan from the bank to the extent of $300 paper money for each 100 *catties* of opium; but this loan is repaid not in Yunnan but in the places of opium import such as Wuchow, Nanning, Canton, Hongkong and Shanghai, where the branches of the Yunnan bank receive the payment at their own rate of exchange. The monopoly of opium export is greatly strengthened by another law by which any opium being transported

towards the border can be seized within ten miles of it. Apart from turning the seized opium over to the commission merchants in Kunmin, the fine incurred amounts to 50 per cent of the sales tax.

Though in the importance of opium to provincial finance, Kwangsi is similar to Yunnan, there is a great difference between the two provinces. Whereas up to recent years Kwangsi derived a huge revenue from opium transit tax, there has never been extensive opium poppy cultivation in the province itself. It is Yunnan, together with Kweichow, Szechwan, Kansu and Ningsia that constitute the black belt of opium land that has hastened the derangement of Chinese finance and further disintegrated the Chinese agrarian structure.

(Report on Rural Investigation in Yunnan, Edited by the Rural Reconstruction Commission of the Executive Yuan, published by the Commercial Press, Shanghai, April, 1935, pp. 28-31 and others.)

14. THE OMNIPOTENCE OF OPIUM IN FOW-CHOW VILLAGES

FOW-CHOW is a fertile agricultural district situated at the junction of the Yangtse and its tributary which comes from the border of Kweichow. The city of Fow-chow is a prosperous river port lying between Chungking and Wan-hsien in the eastern part of Szechwan province. This district is well known as one of the opium-producing regions, and the reason it has become so is of decided significance.

Opium as a curse to China has passed through many different phases and has assumed many different aspects. To begin with there was the Opium War which ushered in a series of troubles with foreign nations. At that time there was hardly any opium being produced in China, but development in the last few decades has been so rapid that the American delegate of the International Opium Commission at Geneva lately reported that opium production in China is now seven times that of the rest of the world combined.

The fact that China has become the opium-producing centre of the world must be a matter of national shame.

According to this American delegate, Szechwan ranks first among all the opium-producing provinces of China. In the vicinity of Chungking alone, there are no less than 28 morphine manufacturing concerns. The basis for this is, of course, to be found in the vast producing areas of which Chungking is the central point. To the north there is the district of Wu-shun, to the south Nan-chwan, to the west Yun-chwan, and to the east and north-east there are the districts of Chang-shuo, Chi-kiang, Feng-tu and Fow-chow. Among these seven districts, the last named is by far the best known as an opium-producing region.

It is probably true that opium planting in China in general has shifted from the south towards the north and its history in Fow-chow bears out this fact. For several years following the establishment of the Chinese Republic, the troops from Kweichow province, which was already an opium-producing province, were stationed in the south-eastern corner of Szechwan. During those years, contact with these troops was responsible for the widespread growth of the opium habit among the inhabitants. At first, opium was imported from Kweichow, but shortly afterwards, especially after the withdrawal of Kweichow troops, the military authorities in Szechwan put a ban on such imports and encouraged opium planting in the south-eastern districts of the province.

Nominally this was done under the pretext of limiting and gradually stopping the narcotic habit, but in reality it was a policy adopted by the militarists to raise extra revenue for the maintenance of an increased number of troops. Opium habit-breaking institutions, established under the auspices of the district governments, therefore simply turned out to be monopolized opium-smoking houses. To put it more frankly, the local governments under the sway of the militarists became the protectors of opium smoking, distribution and production.

The production of opium crowds out other crops in the early spring, and in the vast, moist fields, under the gentle wind of the growing season, instead of seeing stretches of brilliant yellow rape flowers and a mass of butterfly-petalled peas and beans, there is only the crimson of the poppy spread like a canopy over the countryside. It must not be thought, however, that this has been the voluntary

choice of the producer, rather it represents his effort to meet tax requirements, an effort which may truthfully be said to be involuntary.

According to official statistics of a few years ago, the total production of opium in Fow-chow has been put at over 23,000 *piculs* per year. On this basis, the various taxes of the district government and other local bureaus amount to over three million Chinese dollars. Should all the opium produced be marketed within the boundary of this district, there would be an additional revenue income totalling over ten million dollars. The following is an appraisal of the total taxation on opium in Fow-chow, in Chinese dollars.

TABLE 26.

Tax on opium-growing land	400,000
Consumption tax, assessed by number of opium lamps in use	84,000
Main sales tax on opium	5,980,000
Surtaxes on sales	4,925,000

As listed above, the total assessment would amount to $11,389,000 per year if all the sales were made locally, but of course a considerable quantity of Fow-chow opium is shipped to Hankow and this is subject to export tax. The rate of the export tax, however, is even higher than the local sales tax. Neither the quantity shipped nor the actual amount collected from this export tax has ever been published owing to the secret monopoly of the export and the semi-private nature of Chinese public finance. In any case, $12,000,000 would represent the total opium taxation in Fow-chow, if fully collected.

Because of smuggling and inefficient tax administration, the actual amount collected can hardly exceed 60 per cent of the total estimate, thus some seven million dollars would probably represent the total revenue from opium. Taking 450 dollars as the usual price per *picul*, the total market value of Fow-chow opium would be upwards of 10 million dollars per year. Thus it may be estimated that over 60 per cent of the market value is probably paid in taxes.

Considering the relatively small scope of the district administration, the annual opium tax of some seven million dollars must vastly exceed all other financial items. Although most of this huge sum

goes to troop payments, some of it goes to support various public institutions in the district. The names of the various surtaxes on opium sales, such as educational surtax, school surtax, militia surtax and anti-Communist surtax clearly indicate the nature of these. Thus it can be seen that the harvest and sale of opium form the basis of the entire economic and political life of the district.

Fow-chow now has to face all the risks of a one-crop system aggravated by the present system of political economy. Up to 1934 the income derived from opium-growing, after meeting tax payments, was about the same as that from crops of wheat, beans and peas; but in that year, due to international criticism, sudden and urgent official orders were given from the field headquarters of the Chinese Generalissimo to limit opium smoking. This of course, caused a sudden and drastic drop in the price of opium, from 40 cents to 10 cents an ounce. Even after such a drop in price, the market continued to slump and the unexpected reversal brought about appalling results, the sum of which simply crushed the opium-producing peasants.

Like mulberries and cotton, opium is a catch crop, the marketing of which decides the fate of the entire peasant household. When there is a drastic drop in price and no reduction in tax, as was the case in 1934, the total cash received by the peasant is only a fraction of what he must pay in tax. Furthermore, many of the peasants grow their crops on credit and when their income is suddenly and drastically reduced they are unable to pay any principal or interest on their loans and are thereby subjected to the worst exploitation of the usurers. The sole cause of the famine in the summer of 1934 was to be found in this series of events. No wonder then that the newspapers in Szechwan at that time frequently reported how, in the midst of starvation, the peasants in the opium-growing districts had to eat pond weeds and various kinds of leaves, supplementing this diet by chewing dry bean stalks and the bark of dryandra trees.

According to ordinary reasoning, one would think that the peasants would discontinue growing opium, but the real situation has proved the contrary. On the one hand most of the peasants have to rely on the usurers for the necessary means to start the next season's planting, and from the usurers' point of view opium is the most desirable crop, for opium has the highest commercial value and even if it should fail, the usurers still hold the land as security.

The prospect of opium marketing, on the other hand, is still good. This had been clearly indicated by official policy. The magistrate of Fow-chow, Mr. Wong Hai-ping, in his speech before the girls middle school in Fow-chow city on 19th September, 1934, told his audience that the National Government had adopted a Five-year Plan for the suppression of opium in Szechwan. But, in addition, he announced the fact that though some fifty districts in Szechwan had already been cleared of opium, Fow-chow was to be allowed to remain, for some time to come, as one of the opium-growing districts. Emphasis was laid by him on two facts, the tax on opium-growing land was to be abolished and the opium export from Fow-chow was to be controlled and managed by the governmental Sales Bureau. A boom in export was thus anticipated and thereby the market value was expected to return to something like its former level. According to him, this would enable the opium-growing peasants to produce without loss. Indeed he regarded this as the only possible way of delivering the peasants from their plight.

(Chen Von-ko, *The Fow-chow villages as founded on opium*, CHUNG-KUO NUNG-TS'UN, Vol. I, No. 6, 1935, Shanghai.)

15. OPIUM LAND TAX IN CENTRAL KANSU

INTERMITTENTLY for two thousand years, the region now known as Kansu Province has been the battleground of the Mongols, the Turks, the Tibetans and the Chinese, and the Chinese administration there was originally set up as a barrier between the Mongols and the Tibetans. The firm footing and social dominance of the Chinese, however, was not obtained until some time in the sixteenth century. Stretching from the loess region of China's north-west towards Sinkiang, or Chinese Turkestan, Kansu has always been a fertile strip of agricultural land between the steppe both north and south of it. Probably the neck of this huge dumb-bell shaped province is the most fertile part, being a high plateau some 5,000 feet above sea level, sloping to the north-west and well watered by the Black River. Though the provincial capital, Lanchow, is situated

below the neck of the province, Kansu derived its name from two former prefectures, Kanchow and Suchow, which are now known as Chang-yi and Tsiu-chien, respectively. These two districts together with those of Lin-tse and Kao-tai constitute the entire neck and may be called central Kansu.

The canals of various sizes and deep wells on this plateau cannot but remind one of the appearance of the well irrigated Chengtu plain and they certainly testify to the existence of a large granary which was the basis of Chinese military occupation in the past. When the present writer arrived at Chang-yi in January, 1936, the massive city wall and some other impressive architectural remains conveyed to him the idea that there must be some substance to the old saying that Chang-yi was a golden district. This proved to be but an ephemeral illusion soon transformed into an acute and painful realization of a desolate condition. The first and most striking thing was to see so many people without clothing to cover them in that severe, cold weather. No less than 70 to 80 per cent of the young people of 14 to 15 had not even any trousers and this was particularly hard on those having no homes who were therefore compelled to seek shelter under some high wall. Even middle-aged women were forced to go out into the streets with nothing except a piece of some coarse, flax sack to cover them. The midday sun was their only warmth and garbage thrown out from some kitchen their best food.

At a place about fourteen miles from Chang-yi where villages are dense and trees very flourishing, the writer encountered an ox-cart carrying three girls of five or six years old. In answer to enquiries the driver said that these girls were the newly bought maids of a certain family to whom they were now being delivered. It was learned that the total payment for all three was only $15. On another occasion a dealer told the writer, as though it was a matter for complaint, that he was trying to buy a girl for six dollars for whom a second dealer had only offered five, and this girl, according to him, was already twelve years old.

As to the cause of all the present poverty, it is commonly thought that the people of Kansu indulge in opium smoking and have become too lazy to work. This, however, is open to doubt when one stops to think how and why the community as a whole could have voluntarily become lazy in the face of such hunger and misery.

Upon further analysis it will be appreciated that the tax burden has greatly contributed to the present situation. Leaving aside the numerous requisitions and the miscellaneous taxes in the name of reconstruction, the single item of opium land tax (officially known as the fine on opium-growing land) has been enough to drive the peasants to bankruptcy.

The purpose of setting up the opium land tax was far from that announced for it was not really meant to be a fine on opium-growing land but merely a convenient way of raising funds. The provincial government of Kansu assessed definite amounts to be paid by the districts every year in opium land tax and Chang-yi, being the richest, had to pay nearly one-fifth of a million dollars. This was actually a fixed tribute regardless of the opium acreage, and what is more, the district magistrate was entitled to a five per cent commission. This commission originated as a means of effecting tax delivery.

Under this system the district magistrate would try to collect as much tax as possible, for the more he collected the greater his commission. It is almost incredible that in a district like Chang-yi, once so rich and now so poverty-stricken, one of its latest magistrates should be able to pocket for himself as much as $70,000 to $80,000 in three years. Squeeze in opium land tax has long been an open practice amongst all officials from the village collector to the magistrate, and for this reason a majority of village heads and sub-district heads have obtained their appointments through bribery. When one realizes that $200 to $300 must be paid for such posts, which even then are only good for one or two years, the amount of squeeze can be readily inferred.

As there are not more than one-tenth of a million people in the entire district of Chang-yi, even the nominal sum of one-fifth of a million dollars would make the burden of opium land tax two dollars per capita. Not counting the women, old men and children, some 25,000 young men have to meet a tax of $8 per head, though perhaps most of them are unconnected with opium growing.

The inequity in this tax must be examined further. First, it must be understood that opium land tax is assessed according to the scale of land tax and has virtually been made a kind of surtax on the latter. The original land tax in kind of 40,000 *piculs* of grain from Chang-yi has been reduced to 20,000 *piculs* owing to the

customary practice in the district of Chang-yi to hire substitutes to take such beatings. The substitute is paid about 2,000 cash each time, which amounts to $0.26 or $0.27. If such a person should die from the beating he forfeits his hire and his family go uncompensated. This, of course, has only been possible because of the utter poverty among the people in general.

Such corporal punishment as well as other means of extortion inevitably intensify usurious exploitation. The peasants resort to short-term loans of about half a year, usually from February to July, and for such a short term the usury interest rates are 50 per cent for cash loans, 100 per cent for loans in grain and 300 per cent for loans in opium. It has been observed that in Kao-tai many of the village collectors themselves are usurers, and they often exact 20 per cent monthly interest on cash loans. Since the highest rates of interest are on loans in opium, the usurers make as many such loans as possible and only when there is a drastic drop in the price of opium which would mean a consequent drop of interest rate, do the usurers revert to cash loans.

The combined effect of taxation and usury naturally result in a forced peasant migration with a consequent increase in number of abandoned fields. In the face of the general lack of statistical material on this point, the figures recorded by a friend of the present writer in the fourth sub-district of Lin-tse are of special importance. Here in a brief period of five years from 1930 to 1934, at least 5,640 *mow* of cultivated land have been left to waste, and this constitutes no less than one-third of the total number of *mow* in this sub-district. Furthermore, in yet another way has the opium land tax caused an increase in the number of waste fields in view of the fact that taxation has encouraged opium production, and therefore opium smoking, which in turn has been very detrimental to the peasantry in their capacity for field work.

(Chang Kiang, THE NORTH-WESTERN CORNER OF CHINA, 6th Edition, 1937, Tientsin, pp. 193-212.)

16. HOW THE BENEFITS OF IRRIGATION ARE NULLIFIED IN NINGHSIA

WEDGED in between Suiyuan and Kansu is Ninghsia, which was only made into a province in 1929. The western side of a large loop in the Yellow River runs along the greater part of the boundary between Ninghsia and Suiyuan, while the eastern side of the same loop divides the two provinces of Shensi and Shansi. The Yellow River, therefore, cuts through Ninghsia on the south-eastern corner and has made all the territory in this sector a fertile and well-irrigated agricultural plain, forming a marked contrast with the steppe region beyond the mountain range of Ho-lang-shan. The old Chinese saying that Ninghsia is the richest part of the Yellow River which is the greatest in the world, reflects the fact that this sector has always been very productive.

This rich granary was the basis of the Hsi-hsia Empire, ruled by a Tibetan tribe and flourishing for three centuries, at the end of which it was conquered by Mongols under Chingghis Khan. Today the Mongols live in the steppe region and the plain is inhabited by Chinese and Mohammedans who have come across from Turkestan. In general the Chinese occupy the west bank of the river and the Mohammedans the east, and it appears that the land and labour of the Chinese are much inferior to that of the Mohammedans. In the districts of Ling-wu and King-tsi, where the Mohammedans are most numerous and where opium smoking is less common than in the Chinese districts, the traveller can see women and men working together in the fields, the veils of the working women reminding one of their cousins in Sinkiang and Turkey. The fields cultivated by them yield as much as 120 ozs. of opium per *mow*, whereas the Chinese on the west river bank harvest only about 17 ozs. per *mow*.

The soil in Ninghsia is full of alkali and when unwatered has a white appearance, which incidentally accounts for the ancient name, Ninchwan (Silvery River). But the irrigation system built up as early as the fifth or sixth century by the Chinese soldiers and colonists in that region has transformed the entire land, and by the eighth century the sight of the orchards on the slopes of Ho-lang-shan caused the Chinese poets to name Ninghsia 'The Earthly Paradise

beyond the Great Wall'. In those days though there was neither cement nor steel, the waterworks were constructed on a sound scientific principle. Use was made of the fact that the river ran from an incline and main canals were dug on both sides of it, with the water in them regulated by sluices. These main canals fed branch canals which in turn furnished water to the fields through small creeks. Any superfluous water in the main canal was either emptied into the lake or run back into the Yellow River itself. Throughout the centuries no less than ten famous main canals have been dug and in spite of the various hardships which confront the peasantry at present, this region still represents the cream of the province.

Any prospect of a progressive development of agriculture in this region has, however, been dimmed by excessive taxation. To realize the gravity of this, one needs only to see that the ten districts of the province have to finance not only the district and provincial governments, but also have to maintain nearly 20,000 troops, whereas in other provinces such expenses are usually shared by several tens of districts. Furthermore, out of the ten, two or three districts are not able to give funds to the provincial government. Tax farming is still the order of the day and because the merchants in Ninghsia are not rich enough to take part in it, only those who are in very close touch with the military and civil officers have become tax farmers. Unlike the merchants, these people are more difficult to supervise and consequently tax administration is even worse than in other provinces.

Certainly taxes in Ninghsia are not less numerous than in other parts of China. In order to butcher a sheep, for instance, at least three taxes have to be paid, namely, the sheep tax, the butchering tax and the tax on the hide. Occasionally extra assessments have been made in addition to the already heavy tax burden, as illustrated by that made in connection with T. V. Soong's visit to the region. In May, 1936, this former Minister of Finance travelled to Ninghsia for a general inspection on behalf of the National Economic Council, and when he was expected to reach the Yellow River bank nearest to the city of Ninghsia, the people in that neighbourhood were ordered to erect a Chinese gate of welcome and were given several hundred Chinese flags for display in his honour. For some reason or other, Soong took a different route, but nevertheless

every family was assessed and had to pay the costs incurred. A charge of $2 was made for each flag, although the cost was only 50 cents, and still worse, the people were told by the local government that they would be fined should they make any complaints to Soong.

Wherever taxation is excessive in China, usury flourishes in spite of the strict government order for the regulation of interest rates. There has been no difficulty in evading this order. In many cases when $25 is to be paid in five months on a $10 loan, the written contract has been drawn up for a $25 loan without interest. In other cases, this $10 loan appeared in the contract as $23 with only $2 interest for the five months. Yet another disguised form of usury is to be found in the exchange rate between the provincial and national currencies, both of which are paper money. At a time when the value of one Chinese dollar in the national currency was one-and-a-half times that of a provincial dollar, the speculators made heavy purchases of the latter, with the natural result that its exchange value increases. At this moment, heavy purchases are being made in the national currency, so that in a very short time as much as 20 per cent profit may be obtained from the speculation.

Heavy taxation has also furnished an opportunity for merchant speculators. At the time when the peasants gather the harvest and have to pay taxes, they are forced to sell their grain without waiting and, therefore, they easily subject themselves to exploitation by the merchants. Often one-tenth of a *picul* of rice is sold to the merchants for as little as $2 or $3, but by the spring when the peasants have exhausted their food supply, they are forced to buy back rice from the merchants, who charge them as much as $5 or $6 for one-tenth of a *picul*. This kind of grain speculation is very common in Ninghsia.

The opium land tax in Ninghsia, as in other provinces, does not only apply to the land actually under opium cultivation but has been assessed under another guise, namely, the Militia Defense Fund. The rich, middle and poor peasants alike have to face this land tax. About ten miles from the city of Ninghsia, the traveller in the spring of 1936 saw a well-fortified block house 30 feet high belonging to a rich peasant family named Yang. Upon investigation it was found that this family had 300 *mow* of land, one-fifth of which was under opium cultivation. The wheat fields which occupied four-fifths of the land yielded half a *picul* per *mow*,

of which two-fifths had to go to land tax. In addition to this, the opium land tax under the name of the Militia Defense Fund, had to be paid out of the remaining three-fifths. This three-fifths of the harvest had a value of $10 per *mow*, of which $2.30 were payable for this additional tax. Furthermore out of this $10, $1 for the maintenance of the canals and $1.70 for miscellaneous assessments had to be paid. The remaining $5 per *mow* was not enough to cover all the expenses of seedlings, fertilizer and wages. It is evident that, under this tax system, agriculture is by no means a profitable pursuit. The Yang family would have liked to have had more land under opium but for the fact that such cultivation would require the most fertile soil and would also necessitate greater capital outlay. The fluctuation in opium price, furthermore, is greater than that of grain, so that although the profit from opium cultivation may be larger, greater risks have to be faced.

In the district of Ningsu, south-west of the city of Ninghsia, and also on the western bank of the Yellow River, the traveller met a postman on the way and discovered from conversation with him that his family were middle peasants. For 10 years this man had been receiving a monthly salary of $20 from the postal administration, which was a necessary subsidiary income to his family, whose members cultivated 10 *mow* of their own. While the total wheat harvest from this land amounted to five *piculs*—as a unit of measure these *piculs* are far larger than those used in other parts of China—valued at $150, the payment for the Militia Defense Fund was as much as $25, or 17 per cent of the total harvest. Aside from this tax, there were, of course, the land tax itself, which in this case amounted to 2.4 *piculs*, or $72 in terms of money, and a $10 tax for the maintenance of the canals. Thus from the total crop value of 10 *mow*, only $43 were left to cover the cost of seed and fertilizer, with nothing for the home labour. These 10 *mow* were not fertile enough nor could the family obtain sufficient credit to allow them to use the land for opium cultivation, but nevertheless the Militia Defense payment had to be met as an opium land tax.

Most of the poor peasants in Ninghsia are exempt from this opium land tax, but 24 per cent of their total harvest must be used for the payment of land tax itself. The harvest usually consists of beans and millet in the summer and peas and wheat in the autumn, and the tax claim is 0.3 *piculs* from each of the four. If the total

maximum harvest is 0.5 *piculs* per *mow*, the land tax amounts to 0.12 *piculs*. Even when they are not able to sow the next crop, the peasants have to face every sort of threat in the event of not paying the tax. This is why many of the peasants fled from that part of the river bank that T. V. Soong was expected to visit, and 20 to 30 per cent of the fields at this place have been laid waste.

Some idea of the tax burden per *mow* and the tax burden per capita may be gathered from a few outstanding facts. The district of Ningsu, for instance, was assessed by the provincial government to pay $350,000 for the 'Militia Defense Fund' for 1936, this sum to be paid in five months in three instalments, in June, August and September. The total cultivated land in Ningsu was estimated to be 182,000 *mow* and, allowing for the exemptions, the assessment of this tax came to $2.23 per *mow* and with additional surtaxes of at least $0.25. In this same year, in another district, King-tsi, south of Ningsu and on the eastern bank of the river, this tax amounted to $3.30 per *mow* and in addition there was an extra fee for the collector which often amounted to $0.50 for each family. It is on account of these extortions by the collectors that the tax burden has become almost impossible. Further south, near the border of Kansu, in the districts of Chung-wei and Chung-ning on either side of the Yellow River, where almost every day batches of petty officials were sent into the villages to make tax collections, the annual tax burden on the peasants was said to be at least $9 per capita.

The Ninghsia provincial government is now carrying out a land survey for the consolidation of taxes and when it is completed a single tax will be levied ranging from 20 cents to $1.50, in seven grades, per *mow*. However, there will still be a surtax which, in some places, will amount to $1.40 per *mow*. Even with this new scale, the tax burden will still be higher than in some of the coastal provinces.

Recently, under the auspices of the National Economic Council, a long canal of some 30 miles has been completed near Ningsu, the construction work being done by soldiers at a total cost of $120,000. This has opened up a new land reclamation region of some twenty square miles north of the canal. One would naturally expect that this would quickly result in a prosperous agricultural settlement, but so far all facts indicate that the contrary has been the case. A graduate of the Chekiang College of Agriculture, Shao Wei-chun,

originally made a plan for a collective farm under the management of the provincial government. Since adequate funds were lacking for making the peasant settlement possible, soldier labour was again used for the vanguard of such collective farming. It was not long, however, before the plan was entirely defeated, because although one regiment of soldiers is still working on this newly irrigated land, the ownership of the land itself has been divided among the high and middle ranking military officers with one hundred *mow* as the unit.

As the traveller went through this region, opened up by the new Yun-ting canal, he walked for half a day without seeing any cultivated land; the canal water bubbled northward and only the young shepherds broke the solitude of an atmosphere filled with the tragedy of hundreds of thousands of *mow* of untilled land. The fact is that less than one per cent of the land in this canal area is cultivated. As taxation has caused the peasants in this area to flee either to the Suiyuan border, where the administration is loose and taxes easily avoided, or to the Mongolian steppes, where a tax-free livelihood is much easier to find, the prospect of interior colonization seems slight in spite of the new irrigation. Were it not for the tax burden of upwards of $5,000,000 per year in Ninghsia, the opening up of newly irrigated land, together with the improvement of the old, would easily be capable of supporting twice the 800,000 people now living in the province.

(Chang Kiang, THE NORTH-WESTERN CORNER OF CHINA, 6th Edition, 1937, Tientsin, pp. 287-325. Chen Keng-ya, TRAVELING IN THE NORTH-WEST, 1936, Shanghai, pp. 109-138.)

17. TENDENCIES OF FARM ECONOMICS IN NORTH-EASTERN CHINA

THE FERTILE plain of north Manchuria east of the Great Khingan mountains, traversed in triangular fashion by the Amur, the Nonni and Sungari rivers, is the gateway between China and Siberia, and for the past three decades a place of Chinese internal colonization. This territory with its southern tip at Changchun,

now named by the Japanese, Hsinking, is comprised of upwards of 30 districts; and its general agricultural condition has been investigated more than once by the Economic Bureau of the Chinese Eastern Railway, which ceased to exist with the selling of the railway itself. In 1922-23 this Bureau carried out an intensive investigation in some ten districts which form the core of the agricultural region along the railway. From the resulting report one can get a very comprehensive idea regarding the tendencies of farm economics in that area.

The basic situation in north Manchuria regarding farm economics has not witnessed any change in the last fifteen years and what was true in 1922-23 still holds in general to-day. The conclusion derived from the report at that time was that while the number of people per family and the crop income per *shan* (one *shan* equals 10 *mow*) were both directly proportional to the size of the cultivated area per family, the amount of investment per *shan* was inversely proportional to the same.

TABLE 27. THE SIZE OF FARMS AND FARM ECONOMY

Average size of cultivation per family	*Below 15 shan*	*15-30 shan*	*31-75 shan*	*Above 75 shan*
Average number of persons per family	8.3	14.2	15.8	32.2
Average value of crop income per *shan*	$62.72	$73.60	$148.22	$200.01
Average minimum investment per *shan*	$79.99	$58.83	$54.90	$61.77*

* The peasant families cultivating more than 75 *shan* were wealthy enough not only to take adequate care of the field they cultivated but also to put some investment into the field that they leased out, and therefore the average minimum investment per *shan* with them was extraordinarily high.

It is obvious from the above table that the larger the size of cultivation, the larger would be the crop income per unit. But from the same report, the average size of farms among the fairly well-to-do owner-cultivators was only 13½ *shan*, and among the fairly well-to-do tenant families it was no more than 10 *shan*. It was further revealed that peasant families cultivating less than ten *shan* occupied more than 35 per cent of the total, and moreover,

a large percentage of these cultivated less than five *shan*. The general agricultural condition in the Amur region hardly permitted the families cultivating less than five *shan* to maintain a decent living, even if they were free from debt, rent and the necessity of applying fertilizer.

The general poverty of the peasantry certainly set a definite limit to further opening up of new land. It has been estimated that $100 is necessary to open up one *shan* of cultivable land and very few peasant families have been able to meet this condition. The colonists have been further hindered by the high land price demanded by the government for any new land reclaimed. Ten or 15 years ago, the average price so demanded was $15 per *shan* and the initial cost of bringing the land into cultivation amounted therefore, to $115 per *shan*. This almost prohibitive cost must be the chief reason for the vast amount of land which has never been brought into cultivation in that area, and which in 1923 exceeded ten million *shan*.

With the new land at such a high price, the cultivated farm land was naturally much dearer and often the price of one *shan* exceeded the annual wage of a hired labourer cultivating five *shan*. Until recent years the land price in north Manchuria had been rapidly increasing. In the district of Fong-cheng, the high grade agricultural land increased in price by 150 per cent in two years, 1912-14. In the district of Ilan (Sansing), the increase was 200 per cent in five years, 1909-14, and in Ping-hsien 218 per cent in seven years, 1907-14. From the various Russian and Japanese reports the average price per *shan* in the seven districts around Harbin increased in price by 52 per cent in six years, 1909-10 to 1915-16, from $55.85 to $84.71. Due to inflation in paper money which was repeatedly depreciated during the civil wars, the market price of farm land increased even more rapidly after 1920. The depreciation of money led many rich families to invest in land and, as a consequence of competition in land purchase, the land price in South Manchuria rose to seven times its original value in ten years, 1916-26, whereas the grain price increased only four-and-a-half times. The situation in north Manchuria could not have been otherwise, for within five years, 1920-25, the provincial paper money in Heilungkiang dropped in value to one-eighth of its original and that in Kirin to one-twelfth.

It is difficult to conceive that in such an industrially backward

country as China, where feudalistic traditions and practices are still rife, there could be a pure and simple rent in agriculture. At present what is called rent in China really absorbs a portion of agricultural wage and profit. In other words, rent has been commonly regarded as merely an interest on the land price itself; thus an increased land price would inevitably mean an increased rent. When this interest on land price is used to pay taxes in larger and larger amounts, the inevitable result is again rent increase.

The following may be cited as some of the examples of rent increase. In the district of Hulan the share rent increased from 40 per cent of the main crop in 1909 to 50 per cent five years later. In the district of Yushu the fixed grain rent increased 25 per cent in six years, from two *piculs* per *shan* in 1910 to two-and-a-half *piculs* per *shan* in 1916. The increase in the rate of cash rent has been even more rapid. Generally speaking, in the period of 10 to 20 years, from 1905 on, there was a 60 per cent increase in cash rents. In the district of Hulan, whereas the cash rent increased between 1905 and 1915 by 959 per cent, the land price, in the same period, increased only 173 per cent. That the rate of rent increase far exceeded that of the increase in land price simply meant that in those ten years, the ability of purchasing land with the rent income was made almost three times easier. The much increased rent deposit has not even been considered in this calculation.

Aside from population, taxation and grain price, which obviously stand in close relationship with agricultural wages, such wages are controlled to a great extent by the scale of rent. Inasmuch as both rent and wages are important items in the cost of agriculture one is bound to affect the other if the total cost of production is maintained at a constant figure. When rent rises, especially because it already includes a part of the wages, the agricultural labourer will inevitably receive a reduced income. In the face of the increase of land problems and the consequent increase of rent, the decrease of wages is inevitable. From several reports of the Economic Bureau, referred to above, the nominal daily wage on the north Manchurian farms increased in 13 years, 1910-23, by 92 per cent and the nominal annual wage by 172 per cent. During the same period, however, the average retail price of soya beans, wheat, kaoliang and millet rose 433 per cent. Of these four kinds of grain, kaoliang and millet have always been the main food of

the peasants and the average price of these increased as much as 556 per cent. Taking the cost of kaoliang and millet as an indicator, the real wage of agricultural labourers decreased by 59 per cent in the case of the annual labour, and by 71 per cent within those 13 years.

To quote directly the report of the Economic Bureau of the railway, 'land is the economic lifeline of north Manchuria and therefore, the richer the family the larger the proportion of their investment in land. Land price represents as much as three-fourths of the total investment in agriculture'. To translate this into simpler terms, for anybody to engage in agriculture in the Amur region, about 75 per cent of the total investment must be used for the purchase of land. From what has been discussed above, it is clear that the higher the land price, the lower is the economic status of the tenants and agricultural labourers. Moreover, the higher the land price, the less is the available investment for agricultural production, and the more remote is the hope for technical improvement on the part of the owner-cultivators and the landlords.

Besides the item of land price, there are three others which influence farm economy most, namely, the grain price, taxes and usury. The following table should demonstrate how the grain price affects the peasant families cultivating various sizes of land.

TABLE 28. THE EXTENT OF THE PEASANT FAMILIES' SALES AND PURCHASES

Size of cultivation per family	*Below 15 shan*	*15-30 shan*	*31-75 shan*	*Over 75 shan*
Percentage of sales to total crop per *shan*	56.9	55.5	58.2	61.9
Percentage of purchases per person per year to total food consumed	58.7	16.4	15.2	6.4

It can thus be seen that the majority of the peasant families who, as stated before, cultivate less than 15 *shan,* have had to sell more than half of their produce and also to purchase more than half of what they consume. This situation makes the peasants an easy prey to the merchants, the money shops and the transportation firms. Often there was an official price for agricultural products fixed by the government, and of course this was often fixed under

the influence of the mercantile class. At one time, it was calculated by a field investigator that with the exclusion of transportation fees, taxes and other miscellaneous expenditures, not more than one-third of the market price of soya beans actually reached the peasants.

In contrast to the sub-tropical southernmost part of China, the dwelling houses of the peasants in Manchuria are a relatively important matter, and in most cases such houses are built by the landlord. Usually $40 to $50 is the cost of one mud hut and $70 to $80 that of one made of wood. Those tenants who dwell in the house built by their landlord have to shoulder a part of the land tax with their landlords. In this way the tax burden has not only been shifted by the landlord to the tenant in the form of increased rent but in part has been directly met by the tenants themselves. While the visible tax scale did not increase very much at one time (in 1925, for instance, it rose from $4.21 per *shan* to $5 per *shan*), there was a huge increase in invisible tax caused by the sudden depreciation of paper money. It was calculated that, in the year 1922-23, such currency depreciation brought about a general loss to the peasantry in north Manchuria, amounting on the average to $1.91 per *shan*, or $4.47 per family.

Agricultural wages too were seriously affected by currency depreciation. Whereas the employers sold their grain, usually during the winter, the employees on the farms invariably received their pay in the summer. As a general phenomenon, however, the provincial paper money, both of Kirin and Heilungkiang, was of lower value in the summer than in the winter. Along with this, there was another common phenomenon, that most of the commodity prices were higher in the summer than in the winter. This was, of course, a blow to both the employers and the employees. Furthermore, the paper money in north Manchuria was not confined to that issued by the provincial governments, for in many places there were also paper notes issued, in sometimes as many as ten denominations, by Chambers of Commerce and large influential trading houses. In 1918, in the district of Ilan, the total value of the local paper notes was estimated to be the equivalent of $160,000. The huge amount of filthy and torn paper notes, often illegible from handling, with their values in constant fluctuation, and without much security behind them, became a source of endless woe to the Chinese peasantry in Manchuria.

Had there been time for the currency reform, inaugurated in the rest of China in the winter of 1935, to reach Manchuria, the evils that arose from the old system of note issues, would, of course in all probability, by this time, have been eradicated. Regarding the visible and direct taxes, however, it must be said that the Chinese peasantry in north Manchuria have shouldered a much heavier burden than that shouldered by the Russian farmers in the Amur region. This was made clear by the work of Yashnov, who in one of the reports of the Economic Bureau of the Chinese Eastern Railway produced the following table:

TABLE 29. ANNUAL PER CAPITA COST OF LIVING IN THE AMUR REGION (1922-1923)

	Chinese families (per cent)	*Russian families (per cent)*
Agricultural expenditure	40.40	34.67
Taxes	7.20	4.20
Personal expenditures and savings	52.40	61.13

As the pressure put upon the peasantry by heavy taxes, price manipulation of grain and the increase in land price became greater and greater, it is obvious that funds for agricultural investment became less and less available, and it was this situation that paved the way for the wide development of usury. According to the reports published by the South Manchuria Railway Company, some of which were actual field reports, the usual monthly interest in the district of Fu-yu was 1.2 per cent, with a maximum time limit of one year. This was in 1909. Seven years later, however, the reports of the same company stated that the minimum monthly interest in Fu-yu was 1.2 per cent with a maximum time limit of half a year. In 1909 the usual monthly interest among the middle and small merchants of such districts as Fu-yu, Hu-lan, Lan-si, Pai-nien, Song-cheng and Wu-chang was one-and-a-half per cent; but it increased to eight per cent 15 years later. During these 15 years, 1909-24, the loan shops in the countryside in these districts raised their monthly interest rate from three to 15 per cent.

How usury is intertwined with other aspects of agricultural economy is best illustrated by a report of the provincial Financial

Bureau of Heilungkiang in 1928. 'In the sub-district of Ming-sui, near An-ta, the chairman of the local Chamber of Commerce, Chao Hsien-tsung, issued privately paper notes up to more than 2,700,000 *tiao* (one *tiao* is 1,000 cash nominally) under the name of the Chamber. With these notes he then made loans to the various shops, but at a four per cent discount. This discount, together with the interest collected on these loans, gave him a handsome accumulation of more than 1,000,000 *tiao* with which he established several lumber yards and carpenter's shops as well as a pawnshop. In addition, he organized a savings society which actually was a private organ for the extension of loans, demanding six per cent monthly interest, and falling due as to principal and interest in three months.' Typical of the rich families in north Manchuria, Chao invested money in real estate and in purchasing from the government cultivable but uncultivated land. There can be no doubt but that usury and land speculation go hand in hand.

For a long period, especially from 1915 to 1925, north Manchuria was a paradise to former high officials and parliament members from Peking, and to the corrupt militarists and bureaucrats. They, and some of their retainers, invariably set up some fictitious business organization under whose name they acquired huge tracts of land from the provincial governments. In many cases, they connived with the corrupt government officials—who themselves often took land illegally—and obtained land with practically no payment. Thus big landlords rapidly emerged, some of them owning more than 1,000 *shan* of land. Only a fraction of such private land has been brought into cultivation. The landlords invested a certain amount in the form of houses, seeds and sometimes implements in the beginning, but shortly after leasing out, these absentee landlords became completely dissociated from agricultural production. The privately owned and uncultivated land was the basis of fabulous speculation, but land speculation under the then existing circumstances tended to force up the land price and consequently to bring about an increase of rent and decrease of wages. This situation resulted in the peasantry being driven further into the hands of the usurers.

The peasants, constantly haunted by the usurers and landlords—often both combined in one person—have had to undergo great privation, and even then have found it difficult to hold 10 to 30 *shan* of land. In the new settlements of China's north-east, there

has been a larger percentage of agricultural labourers than perhaps in any other part of the country. These people, comprising 13 per cent of the total population in north Manchuria, have no chance of faring any better so long as they have to work under an agrarian system in which private land-monopoly is linked with trade, usury and bureaucratic exploitation. Obviously this system offers no prospect of opening up the 10,000,000 *shan* of cultivable land in the Amur region, and even were it possible under this system, it would merely mean a spread of the existing misery.

(Chen Han-seng and Wong Yin-seng, THE PEASANT AND LANDLORD IN THE AMUR REGION, Shanghai, 1929.)

18. THE KUOMINTANG POLICY OF RENT REDUCTION

THE IDEA of government regulation of rent payment and a policy of rent reduction was advocated by Dr. Sun Yat-sen, the leader of China's National Revolutionary Party—the Kuomintang—and after his death, at the All-Party Conference in October 1926, rent reduction was officially made the most important item in the Kuomintang's agrarian platform. In Chinese this is always referred to as the Plan of Twenty-five per cent Rent Discount. According to this, the maximum rent was theoretically regarded as 50 per cent of the main harvest, and the reduction was supposed to be the equivalent of 25 per cent of this maximum. In other words, the standard rent was to be 37.5 per cent of the total main harvest, thus leaving the auxiliary crops in the hands of the tenants.

Since then, only five Chinese provinces have issued a governmental decree for rent reduction and out of these only one province, Chekiang, has given it an actual trial. In Kwangtung a few peasant unions were about to carry out this programme when the communist uprising in Canton—towards the end of 1927—took place, and thereafter rent reduction was regarded as being a part of the communist programme and the provincial government ceased to consider it. A governmental decree for rent reduction was issued

in July, 1927, in Hunan, but the end of the Kuomintang-Communist cooperation and the consequent reorganization of the provincial government in Changsha in the same month, abruptly nullified it. A similar decree was issued in Hupeh at about the same time but, for the same reasons, was never put into practice, and it was officially revoked on 6th March, 1929. This revocation was declared desirable for the openly stated reason that rent reduction would do harm to the interests of the landlords and would thereby tend to decrease the tax income. In Kiangsu, the rent reduction decree was made in December, 1927, and was revised in the following year, but was never effective because of deliberate sabotage by both the provincial and district administrations.

The decree for rent reduction in Chekiang was dated 27th May, 1927, and purported to be a measure for enforcing a standard rent, or 37.5 per cent of the main harvest. By this same decree, rent might be further reduced in years of very bad harvest or famine; and sub-renting and rent in advance were also prohibited. Later provincial decrees gave certain specific modifications which represented the government's effort to meet numerous unexpected issues. In spite of the experience of a decade in which the province had an opportunity to make this political experiment, it nevertheless proved to be a failure. The power and influence of the landlords, both inside and outside the administration, were too strong for the general realization of an actual rent reduction programme. The following reports given in the Chinese press in Hangchow and Shanghai indicate the evasions, abuses and general difficulties which blocked the attempted rent reduction.

In a village near Lingping, which is a railway station north of Hangchow, the local committee, having estimated the rice crop from one *mow* to be one *picul*, fixed the rent payment at 0.375 *piculs*. A rent collecting agent named Lao Pao-kwei, forcibly collected from a tenant named Wang Tze-hou, 0.45 *piculs* per *mow*, plus an extra amount of 0.05 *piculs* per *mow* under the pretext of collection costs; thus the tenant had to pay one-third more than the standard rent. When, upon the petition of the tenant, the secretary of the village administration, Chen Mei-hung, investigated the case, it was found that Lao had used a measurement above the standard size. Lao was urged by the village administration to return the amount of rent illegally collected but instead of doing

so he succeeded in getting the police on his side and had Chen Mei-hung arrested.

The customary way of collecting rent in the sub-district, Shan-ho, of the district of Hsiao-shan, across the river south of Hangchow, was for the tenants to deliver the rice to the collector. In recent years, however, the collectors always made their own choice as to whether they wanted to take the rice rent on the spot or have it delivered. The choice was always based upon the advantage to be gained. If the crop were good, the collectors would always prefer to go to the field to collect the rent, but in case of a bad crop they would deliberately put up some excuse to postpone the visit until the peasants could no longer wait to gather the harvest. The purpose that lay behind the avoidance of seeing this crop was to pave the way for exacting more rent than would otherwise have been possible, for the collectors could always arbitrarily accuse the tenants of not declaring the whole crop. The governmental decree for rent reduction, in other words, only encouraged such trickery, with the result that in more than one place in Hsiao-shan the rent per *mow* rose as high as three or four *piculs* of unhusked rice.

In the summer of 1931 the tenants and landlords in the village of Hsu-tsai, located in the district of Feng-hua, the home of Chiang Kai-shek, fixed the rice production per *mow* at 200 *catties,* this being done in collaboration with the local committee for rent reduction. Obviously this would make the standard rent 75 *catties* per *mow*. Certain provisions in the decree for rent reduction allow local modifications, and in this case, according to the proportion between main rent and sub-rent, the legal standard rent should have been reduced to only 50 *catties*. In spite of this legal provision, many tenants were forced to pay a rent of 75 *catties*; and when the collectors were sued by the tenants in the Arbitration Commission, no satisfaction was ever obtained.

The fertility in the district of Shao-hsing is lower than in Feng-hua, but is about on a par with that of Hangchow. This means that the usual crop in this district is about 100 *catties* per *mow*. From the summer of 1927 to the spring of 1931 the standard rent was 37½ *catties,* but according to a new decree issued in the latter year, the legal rent was suddenly doubled. This resulted in a local peasant movement to refuse rent payment. More than 300 peasants banded together and went to petition at the District

Magistrate's office in the city. In many villages where the peasants did not petition, a general sabotage in rent payment was instigated.

Similar peasant riots took place in August, 1930, in the district of Kashing, north of Hangchow. In this case the immediate cause was slightly different. It was a year of bad harvests and naturally enough numerous disputes with regard to rent payment, which could hardly be settled by legal provision, arose, and the local village administrations had to devise emergency means by setting up a new local standard rent for the time being. Instead of making a reduction from the government-fixed standard rent in order to meet the difficulties of that particular year, some of the village chiefs, who were either landlords themselves or closely connected with them, based the reduction of 25 per cent on the traditional rent scale which was, of course, much higher than the standard rent. To the tenant peasants, this was not only worse than the standard rent, but it was also worse than the actual payment when the traditional rent was supposedly in force. While the scale of the latter ranged from 0.8 *piculs* to 1.4 *piculs* per *mow,* the tenants had been for many years paying the rent at discounts varying up to 40 per cent. In some cases, therefore, when rice production of one *mow* was one *picul,* the rent was 0.6 *piculs* per *mow* prior to the government-fixed standard rent which was 0.375 *piculs,* but in the year of bad harvest referred to the rent was actually raised to 0.75 *piculs,* being 15 per cent higher than the actual payment before 1928, and 100 per cent higher than the standard rent.

The government-fixed standard rent was found to be difficult to apply in the district of Pukiang, in the centre of the province, partly because of the great disparity between the traditional rent of ordinary leased land and that of permanent tenancy. As the price of surface rights is much higher than that of bottom rights, the rent paid by the permanent tenant would be much lower than the ordinary rent. The rent reduction decree did not allow for such disparity and on the strength of apparent injustice, the landlords of permanent tenants did their best to obstruct this policy in their localities. Often the landlords threatened their tenants who insisted on rent reduction by accusing them of being communists or communist sympathizers, for which they could be arrested. In one case in the district of Tientai in the spring of 1931, some of the landlords and gentry dictated to the village administrations and made them

issue a false governmental decree, supposedly from the provincial authority, pronouncing in effect that only communists would talk about the 25 per cent rent reduction. In these localities, the police were even ordered to arrest a certain number of peasants in order to intimidate those who dared to discuss such matters.

What has been told of the districts mentioned above is only by way of illustration, and, furthermore, the hardships imposed upon the tenants because of the rent reduction regulation have not been confined to rent payment itself. There were numerous cases of tenant evictions when the landlords chose to lease the land to new tenants from whom a much higher rent could be exacted. These landlords purposely fixed a very high rent so that they would receive a sum at least equivalent to the original rent, after the reduction of 25 per cent. In this connection there were many peasants who were left without the means to continue cultivation.

Even if this standard rent could be properly collected and easily administered, the question remained as to what was the comparative net income of the tenant and the landlord when the former paid a 25 per cent reduced rent. Let it be assumed that the market price of rice was $10 per *picul,* that the cost of production per *mow* was $6 and that the total taxes paid on the land by the landlord were $1 per *mow,* then it will be seen that only when the harvest was above two *piculs* per *mow* could the tenant expect his share to be larger than that of the landlord. The following table makes this comparison.

TABLE 30. THE RELATIVE SHARES OF CROP INCOME BETWEEN THE TENANT AND LANDLORD

Rice production per mow	*Tenant's share after deduction of cost of production and payment of standard rent*	*Landlord's share after paying land taxes*
3 *piculs*	$12.75	$10.25
2½ „	$ 9.36	$ 8.37
2 „	$ 6.50	$ 6.50
1½ „	$ 3.38	$ 4.62
1 „	$ 0.25	$ 2.75

Generally speaking, however, unless there is a bumper crop, the production of more than two *piculs* of rice from one *mow* of land is unusual and in perhaps the majority of cases, production is

one-and-a-half *piculs* per *mow*. In other words, even when the rent is reduced by 25 per cent, according to the law, the landlord who does not invest in the land, other than its price, still has a larger share of the crop than the tenant who has to bear increasing production costs, and indeed many tenants, after paying the standard rent, have practically nothing to compensate for labour.

(Lin Chu-ching, *The Twenty-five per cent Reduction of Rent in Chekiang*, SIN TSAN TSAO, Vol. I, Nos. 1 and 2, July 1932, Shanghai.)

19. EXPERIENCES OF AN OFFICIAL IN THE LAND TAX CONSOLIDATION BUREAU

WITH HIS colleagues, the writer came to take up his duties in the Land Tax Consolidation Bureau in Soochow, and it seemed that all were filled with a great desire for public service. The experiences of several months instilled much doubt into their minds as to the real value of the work, but even though he may seem perplexed the writer is eager to give an account of his own experiences which may serve as an authentic reference for students of agrarian problems.

A few years ago there was already a Land Bureau in Soochow which had been set up exclusively for the landowners to register their land and so do away with inequality in tax payment. The Administration at that time was none too enthusiastic and the attitude of the officials was entirely passive; instead of measuring the land for the owners and seeing to it that the correct measurements were registered, they were satisfied with mere office holding and never took the trouble to do any real work. Official instructions and sample sketch maps were posted up outside the Bureau and its branches in all parts of the district, and the landowners were expected to come and register their land voluntarily. But a majority of the peasants could not understand the directions and therefore were not clear as to what they were supposed to do, while those landlords who had always taken advantage of the ambiguity of land ownership and boundary lines, did their best to avoid the new registration so that they could continue to evade tax payment.

The measures adopted by the present Land Tax Consolidation Bureau are quite different. The Bureau itself sends out officials to the villages both for the purpose of conducting land surveys and for investigation conditions of ownership. As to ownership, the investigations have been a very complicated matter because in Soochow, as in many other districts of Kiangsu, the tenants own the surface rights of the land, while the landlords own all that is underneath.

Apart from the complications of the process and the tedious routine, the question is always cropping up as to whether the peasantry as a whole could be benefited at all by this process of consolidation. It is not easy to put down a definite and conclusive answer to this, but one of the writer's colleagues held the view that the work of consolidation served only to increase taxation.

Needless to say, much red tape and confusion in connection with the process of measuring and registration of the land has occurred, and consequently there has been much corruption which cannot mean anything but an added burden to the peasantry. Even the new unit of measurement adopted promises an inevitable increase in taxation. Under the old system the *mow* subject to tax was larger in size than the *mow* used when the sale of land was involved but in the new registration the old tax *mow* has been done away with and only the market *mow* is recorded. Thus from the same property the number of *mow* and therefore the total tax payable increased after the new registration.

The Kiangsu Provincial Government sent out special land measuring squads to the different districts but the administration and discipline of these squads has always been deplorable. Their work in Soochow has been no more commendable than elsewhere and in some instances an entire village has been marked on the map without property differentiation. Demands were presented, of course, by the landowners of such villages for remeasurement, but according to official regulations this involved a fee of 30 cents per *mow* and in addition the squads had to be given a feast of welcome and daily meals. Often a certain amount of money under the name of a 'special reward' had to be paid by those who petitioned for remeasurement. Under no circumstances, however, could the people afford to offend the squads, for if they did, they would have to suffer any inaccuracy in land measurement that the squad wished to make.

As to those officials sent out for registration and investigation of property rights, the opportunities for corruption are even greater than those of the land measuring squads. Such corruptions and abuses as far as the writer's personal knowledge goes may be listed as follows.

1. The registration officials who fill in the registration blanks for the illiterate peasant owners are entitled, according to official regulations, to receive two cents payment, regardless of the number of *mow* registered. In practice, however, they receive three or four cents and sometimes as much as ten cents. Then they take five cents for each guarantee certificate (guaranteeing the correctness of the registration) which is entirely illegal. The peasants in general are ignorant of this and even if they are aware of its illegality, they are helpless to resist this payment.

2. Although the purpose of remeasurement and registration is to discover land on which taxes have been evaded, the result shows that many powerful landlords have been able to hide some of their land from re-registration, while the peasants who, without land deeds, have brought land into cultivation have been greatly oppressed. These peasants or their ancestors have brought abandoned or virgin land, over which no ownership has ever been claimed, into cultivation at their own expense. The regulations in connection with consolidation require that they should not only pay the land tax but also a purchase price for the land. When, as is very often the case, the peasants find themselves unable to pay the price for the land, the registration officials seize the opportunity for the furtherance of their own selfish ends. They sell the land secretly for from $30 to $50 per *mow* and pocket the cash themselves.

3. Moreover these officials take advantage of the ignorance of the tenants who are not well acquainted with the regulations. Whereas legally the tenants have nothing to do with the land tax or the consolidation, they are often pressed by the officials to pay three to four cents per *mow* towards what is illegally termed the registration fee for the leased land.

4. Those who are easily intimidated are not always given the opportunity to register their land anew according to the consolidation regulations, but a heavy fine is levied in case of failure to register. Often the officials demand and get from such helpless folk an extra sum of money just for allowing them to register. Once a supervisor sent out by the Bureau asked a peasant

family, 'Have you already registered all your land property?' The answer was, 'We have not bothered with registration because your registration officials demanded $50 from us for permission to register.'

5. Village officials or local tax collectors sometimes capitalize on their knowledge of certain defects in the returns presented by the registering families, such as imperfect land deeds or lack of a guarantee certificate, and thereby extort more money from them. Such extortion is carried out in the name of the Bureau and invariably these registering families are told that but for the mediation of the local collector at the Bureau, their registration could never have been completed. In exactly the same manner, it sometimes happens that the registration officials themselves make this kind of extortion. On one occasion when the official personally guaranteed some certificate that had not been submitted for registration he received over $30 as his 'reward'.

During a period of three months while the writer was engaged in registration work, the most common question put to him by the peasants was, 'You people appear to be quite well fed, cannot you find something better to do than performing this mimic play of registration?' Not a few of them expressed a fervent wish that they might see a 'benevolent Emperor' who would correct the situation for them. Once the writer as a registration official had to find out who was the owner of a certain tiny lot of land and he was, therefore, directed by the peasants to a very dilapidated straw-roofed house. In spite of repeated calls and long waiting at the door, there was no other answer than the noise of the mat-weaving being done inside. Finally an old, tousled, shabbily dressed woman appeared and having taken a good look at the writer, she immediately petitioned him in a pitiful tone, 'Oh, good man, you worthy one, have mercy. Please do not examine me further. I am utterly poverty-stricken. I have not paid rice rent for several years already. Whenever I see you people I am filled with terror. I have nothing more to give.' This plea rendered the writer almost speechless and he laughed bitterly as he realized that he was there to execute the landlord's wishes. He then explained to her that he was not there to collect rent but rather to investigate the land. Only after much hesitation would the old woman reveal the name of the real landlord for she was afraid that such revelation might result in more pressure on her for rent payment.

In another village the writer found that the majority of the men had left their homes and when the writer collected from the women peasants the fees for having filled in the registration blanks for them, these women half shouted and half cried 'For what is all this registration? Again you are here to get coppers from us. Our husbands have to find work elsewhere and we who remain here have not enough to eat. Where can we find the money for land registration? If there is no rebellion how can the poor continue to live?'

Most, if not all, of these peasant families are tenants. The fixed and excessive burden of rent, more than any other item, has reduced them to their present condition of poverty and yet any increase in the land tax must necessarily mean an increase of rent. Since the land tax and rent are so closely connected with rent payment, the government has to assist the landlords to collect their rents. At the time of writing (Spring, 1937), over a thousand tenants are being kept in the prisons in Soochow, but mere imprisonment does not seem to be a solution for the problem.

In this connection, the story of a typical Soochow tenant may be recorded. 'The annual harvest of rice amounts to only two *piculs* per *mow*, which according to the market price would bring in an income of $15. From this sum at least $6.60 must go to rent, about $2 for the fees and assessments connected with irrigation, $3 to fertilizer, and $4 for wages for various kinds of field labour. Some sort of auxiliary income as well as the contraction of debts are therefore necessary to meet the deficit of 60 cents per *mow* and also to pay the living expenses of the family.' This, in short, eloquently testifies to the helpless situation in which the peasants find themselves.

Ninety per cent of the cultivated land of Soochow is in the hands of tenants which means that the majority of the peasantry are labouring under an excessive rent. As any honest observation of reality would show, the most urgent demand of the peasantry in Soochow is not the remeasurement of land for tax consolidation but rather something which would give them a chance to breathe beneath the heavy pressure of their landlords. However perfectly the registration may be carried out, it is quite irrelevant to this point.

(Yi Ming-shi, *After Three Months of Being a Land Registration Official*, CHUNG-KUO NUNG-TS'UN, Vol. III, No. 6, June, 1937, Shanghai.)

20. THE LATEST AGRARIAN POLICY OF KUOMINTANG

IN APRIL, 1937, the Chinese Land Administration Investigation Society held its fourth annual conference at Tsingtao, at which the problem of 'how to bring into realization the principle of peasant ownership' was the chief topic of discussion. Apparently this was done in accordance with the slogan for 'equal rights to own land', long advocated by Dr. Sun Yat-sen, the founder of the Chinese Nationalist Party. As the membership of this Society includes many government officials in the Nanking regime, and particularly those in land administration bureaus, it has in the past had a decisive influence on the formulation of agrarian laws. At this particular conference two proposals were brought forward, namely, that land bonds be issued to provide the funds for the establishment of owner-cultivator (or peasant-owner) farms, and that farms be standardized with families as the unit and that all further division be prohibited.

The deliberations of Tsingtao were used by the Kuomintang government in Nanking, and on 5th May the Central Political Council of this party decided upon the principles to govern a revision of the existing Land Law. These principles were as follows: 1. That a minimum area of land for each owner-cultivator (peasant-owner) family should be determined. That the further disposition of this be severely limited and also that a maximum debt on the land be fixed. 2. That if a peasant has worked his leased land for more than five years and his landlord is neither old, weak, an orphan or a widow, depending on the land for an income, the tenant-peasant may invoke the law and apply for the requisition of the land. 3. That the maximum rental be fixed at eight per cent of the value of the land but that this should remain payable in agricultural products in accordance with the local traditions. It is clear that the objectives of this revision were the fostering of peasant-owner farms and their establishment with the least possible friction in the villages, and the calculation of a maximum rental rate on the basis of the land price instead of on that of the quantity or value of the main crops as stated in the unrevised Land Law. Both these objectives had been originally worked out by the semi-official Society.

In passing this revision, the high Kuomintang officials thought

that eight per cent of the land value might prove to be less costly to the peasant than 37.5 per cent of the main crops. Many close observers of the problem, however, hold a contrary view. Statistics, recently released by the Chinese Land Administration Investigation Society, show that the average rental of land is 10.53 per cent of the land value or 43.22 per cent of the total yield of main crops. If these figures are reliable, the maximum rental determined by the new Land Law may result in a reduction greater than that allowed by the so-called 25 per cent rent reduction previously stipulated. But when the value of the land is determined by the landlord himself and he knows that the higher his land price is fixed, the higher will be his rent income, it is only reasonable to expect that all sorts of fictitious values will be established. It was a relatively simple matter to fix the rent correctly on the basis of harvests, though it was not always easy to administer a proper and legal way of collection. The matter of land price is not so simple for there are other factors which affect the value of land, besides the total yield. Land near cities is higher in price than that at some distance, and if the letter of the new law is rigidly adhered to in the determination of rental, the rental charge may sometimes exceed the total yield that this land might produce.

The old Land Law was in force for many years and failed utterly to bring any rent reduction to the tenant-peasants. It is clear that there are forces which will work to render this new law similarly useless.[1] Political power in the villages is still in the hands of the very landlords and gentry that this new law affects. It cannot, therefore, be expected that these gentlemen will carry out with any degree of faithfulness the rental policies of a new law which would tend to loosen the economic stranglehold they have on the peasantry.

Scholars of agrarian problems have also criticized the fostering of peasant-owner farms and their standardization. Even though they admit the value of the new revision, they maintain that the new law falls far short of effecting any major change or settlement of the agrarian question. They insist that private ownership of small, standardized farms not only cannot do away with land speculation but will also obstruct the free development of the productive power

[1] The history of rent reduction in Chekiang has shown that landlord-tenant disputes were greatly increased after the 25 per cent reduction law was passed. Based upon a statistical study of the legal cases involved, 50 to 75 per cent of the total related to tenant evictions, due to actual increases in rent which the original tenants were not able to pay.

of the peasantry. Hence they believe that 'the most thorough method of bringing a final solution to the agrarian problem is fundamentally to eradicate the private ownership of land'. The alternative they offer is that with state ownership of all land, the inequalities of a few individuals owning large tracts of land while great masses of the peasantry own none, will be permanently removed and large-scale farming will be possible.

The slogan for state ownership of land, however, is untimely, for it would be inexpedient in the face of the present aggravated national crisis in China to cause unnecessary friction within the villages by wholesale confiscation of land. Yet it must be pointed out that in the regulations concerning peasant-ownership, methods to insure a reasonable amount of success have not been thoroughly worked out. There is ample room for the landlords to evade this possible requisition of their lands. Inasmuch as requisitioned land must still be paid for by the tenant-peasant, the problem of how the peasant can obtain the necessary funds will undoubtedly prove the greatest obstacle to any land reform of this kind.

To create the necessary funds as loans to tenants for the purpose of land requisition, the Chinese Land Administration Investigation Society proposed a Land Bond issue. Evidently those who initiated such a proposal did not sufficiently realize the difficulty of raising the tremendous sums of money essential for this purpose from weak financial circles such as are found in China. Others suggested the establishment of a Land Bank to help tenant-peasants in the purchase of their land. This would be just as impractical since the current interest rate for deposits in all banks in China is from seven to eight per cent. It is quite evident that these deposits can hardly be accessible to the peasantry as long term loans at low interest rates. At best, only the well-to-do tenant could make use of these facilities for borrowing. But for the vast majority of tenants, who are poor peasants, landownership will still remain an illusory hope.

(Yu Lin, *On the Revision of the Land Law,* CHUNG-KUO NUNG-TS'UN, Vol. III, No. 6, June, 1937, Shanghai.)

1. TRADE CAPITAL AND PAPER MONEY IN CHINESE VILLAGES

WITH THE silver dollar as the unit of Chinese currency, both silver and copper have been used as auxiliary coins. For many years the provincial authorities have turned out debased coins and have given certain merchants ample opportunity for speculation. During the last few years, copper coins have been collected by the Japanese and exported, thus the total quantity of such coins in circulation has been rapidly reduced. To cope with the need for trade transactions, paper money has been extensively used as a substitute for the copper coins. This not only applies to the cities but is also a common practice in the villages. To understand how such paper money is actually issued and what changes it has brought about in the rural economic life, two villages will provide sufficient example.

Taking a village in the district of Chulo, in southern Hopei and almost midway between the Shantung and Shansi borders, coppers of 10 cash and 20 cash denominations were still the only common form of money in 1930. Since then, however, copper coins have fast dwindled away. As soon as the merchants began to feel the difficulties of trade that arose from the scarcity of money, some of the most powerful among them started to print paper money as a substitute for the copper coins. Envious of the handsome profit obtainable by such practices, smaller merchants, keeping more modest shops, soon came to imitate this method of making money. By the summer of 1935 the entire village was flooded with paper money, which in reality was almost irredeemable.

The common practice was for a grain dealer possessing about $500 capital to issue paper money of small denominations with a total nominal value of about $1,000. Even a small bakery with a little over $200 in assets issued paper notes worth twice this amount. Out of a total of 26 business shops in this village, chiefly restaurants, groceries, grain stores and bakeries, no less than 13 issued paper

notes, with the result that the total nominal value of the paper money amounted to some $8,000 to $9,000.

An exception to this may be mentioned, for there was one landlord family which maintained no shops but nevertheless issued paper notes as money. This was done solely for the purpose of making loans to the needy people who could then use the notes to buy goods in the village; the notes being honoured because of the supreme prestige of the landlord family. In this case the exact number of notes issued was kept a matter of secrecy, this being possible because there was no governmental power strong enough to bring the issuer to account. Needless to say, circumstances forced this landlord-usurer to make such a note issue because not only was there a general scarcity of money but there was always the fear that the debtors would not be able to repay the loans. To play safe, therefore, he preferred to hoard his cash and extend loans in paper currency.

In the villages of the coastal district of Putien, in Fukien province, the small paper money, or notes in denominations of less than a dollar, have played havoc in the agricultural community as a whole. Putien, situated at the head of the Hsin-hua bay, was historically known as Hsin-hua and was visited by Marco Polo and described by him as a very prosperous business centre. Since the middle of last century, the infiltration of modern, foreign, commercial influences have caused a gradual decline of many handicraft industries in the district and money has been drained from the villages to the city, where it has been chiefly used for paying for imports. Under the present business system, the reduction of both cash and purchasing power in the Putien villages is increasingly apparent.

In addition to the outflow of money, Putien has had to bear a heavy land tax, which in 1928 amounted to some $22 per *mow*. The one factor which, for some years, helped to meet the situation was the remittances from overseas Chinese. In 1928 according to the record of the local post office, no less than $1,800,000 came to Putien from Java, Singapore, Siam and Formosa. The orchards of the district have also been very productive; the total value of such products exported being approximately $1,000,000 per year. This seemingly prosperous situation was brought to an abrupt end when in 1930, due to the economic depression in the South Sea colonies, many batches of unemployed Chinese began to return to the district. Then not only did the remittances suddenly stop, but the problem of

unemployment in the villages became more acute than ever. On top of this, the villages were further impoverished by the influx of foreign rice which fixed the market price and left the local produce with little chance to compete. Thus, all in all, money became more and more tight in the villages, until finally a loan of $10 cash was extremely difficult to obtain.

Again it was owing to an impoverished situation that the institution of note issuing began to play its role. In Putien there were companies specially organized for issuing small paper money, as early as some ten years ago. As to their origin, it was very simple. Several of the big gentry families who were engaged in trade put up a total capital of a little over $1,000. A note-issuing company was thus established with half the money capital for printing and office expenditures and the other half for the buying of a permit from the local government. Equally simple was the purpose of such a company. On the first day of operation, the notes were distributed in order to absorb the cash still in circulation. $100 in paper, for instance, could be exchanged for $80 cash. As soon as the maximum possible amount of cash had been collected in exchange for the notes, the company declared itself dissolved.

Some of the companies managed to get around the law after closing down in this way by bribing the local authorities. Other managers, who were even more shrewd, did not stop at this, but secretly sent out agents to collect the unredeemable notes at a great discount, and were thus able to make some additional profits, for the government would sometimes redeem the paper notes of the closed companies at a discount which was less than that given by these agent collectors. There were even cases where the managers and owners of the company first fled to distant places and then after a long interval came back under different names to Putien to organize new companies. This explains why, during the year 1934, more than 20 paper money-issuing companies revived their business, in spite of the protests of the public.

Prior to 1934, there were more than forty companies in Putien at one time. The aggregate sum of notes issued was as high as over $800,000, and these notes were in circulation throughout the villages, until they became absolutely unredeemable. One of the largest companies, with a total note issue of more than $100,000, absorbed a large amount of gold and jewelry before it went out of business.

Many peasant families who had utilized the remittances of their relatives and had put their savings into the form of personal ornaments were attracted by the high prices offered by the company. They therefore sold their ornaments and received the company's paper notes in exchange, only to be utterly disillusioned by the sudden closing down of the company itself.

Whatever gain these companies made was transferred to cities and treaty ports, and the resultant impoverishment in the villages was clearly manifested in the rapid decline of land price. Whereas a few years ago, one *mow* of land in Putien was usually valued at $300, this same piece of land cannot be sold to-day for more than $140. One does not have to seek far to find the devastating influence on agricultural production which has resulted from the indiscriminate issuing of paper notes by the bigger merchants in the villages.

(Chen Ti-sze, *My Diary at My Village Home,* THE EASTERN MISCELLANY, Vol. XXXII, No. 18, 16th September, 1935, Shanghai.
Chu Po-nun, *Currency in Putien Village,* Ibid. Vol. XXXII, No. 8, 16th April, 1935, Shanghai.)

2. THE EFFECTS OF THE COMMERCIALIZATION OF AGRICULTURE IN SOUTHERN HOPEI

IN RECENT years, the commercialization of agriculture has not only affected the eastern part of Hopei, where wheat and cotton are abundant, but has also rapidly changed rural relations in the southern tip of the province. While salt production in the eastern coastal region has been of importance for a long time, the production of a coarse reddish salt from the alkali soil of southern Hopei has also become vital to the livelihood of the peasants. The conditions found in Puyang, formerly known as Kaichow, may be regarded as typical of many districts in that narrow strip of Hopei which is wedged between Shantung and Honan.

The village now to be described is situated in the district of Puyang, about 16 miles north-west of Puyang city. Twenty-three

miles to the south-west is Taokow, the eastern terminal of the Tao-tsing railway which runs across the Peiping-Hankow line to the coal mine region in northern Honan. Thirty-three miles to the north-west is An-yang, formerly known as Chang-teh, a big station on the Peiping-Hankow railway. From the neighbourhood of Taokow, a river less than two miles wide and fifteen miles long, named Siao, runs eastward around the north and east of the village. The river is dry, however, except during the heavy summer rains, but the bed is of such alkali soil that nothing can be grown, except in midstream where a bar of silt has been deposited. This bar, about one-third of a mile wide, is owned by many families who pay on it 50 per cent of the prevalent land tax, and it is devoted to the growth of reeds which provide fuel and material for mat weaving.

The south, south-east and south-west of the village is a sandy tract of land on which the land tax has always been very light—20-30 cents for several tens of *mow*—which in the sixteenth century was given to a prince as horse grazing land, but since the seventeenth century has been largely covered by Chinese date trees. Further south is an old bed of the Yellow River, sandy but grass-growing, with an area ten times as big as the total cultivated land of the village. High agricultural productivity is only to be found to the west of the village where the soil is of sandy clay, and this area acts as the granary for the entire population of 300 families, or 2,000 people. According to the local chronicle the villagers originally came from the district of Hungtung in southern Shansi in the fifteenth century. At one time these colonists cultivated a total area twenty times as large as that cultivated at present, which is only 6,000 *mow*.

Evidently this village once had its prosperous and glorious time, but for a long period it has been steadily deteriorating. Whatever revival there has been in recent years has been chiefly due to a new spur in the commercialization of agriculture. Despite the fact that the large sandy tracts of the village are well suited to the cultivation of peanuts, not more than three families planted peanuts before 1920 and each of these had not more than three or four *mow* under such cultivation. These families, being relatively poor, grew peanuts for retail or for oil extraction by themselves; but their business activities never extended beyond a radius of one mile. After 1920,

however, peanut oil became a commodity on the world market and the price of peanuts rose from 24 to 550 cash per *catty*. The villagers, therefore, have taken advantage of the situation and as far as possible have gone into peanut cultivation. Taking the landlord families and rich, middle and poor peasants together, half of their cultivated land has been devoted to peanuts.

As a result of this extensive peanut growing, two new economic institutions have sprung up in the village, namely, the peanut collection firm and the oil extracting centre with hand-operated machines. As late as 1923, the business of collecting peanuts was done through the grain dealers and grocery shops of the village, but after 1925 the well-to-do landlord families began to take an interest in this business. During the late autumn and early winter these families collect peanuts cheaply from the middle and poor peasants of the neighbourhood. They then sell the peanuts at a high price to outside merchants at the end of the following spring. A trend toward monopoly is evident, for not only are the former agents reduced to mere employees but many small firms have been wiped out of existence, so that now there are only two collecting firms in the entire village. Each of the two controls the produce from an area of four or five square miles and each makes a net profit of upwards of $1,000 a year.

Up to 1925, the peanut oil extraction was in the hands of relatively poor families but these were later driven out of business by the large collecting firms who organized their own oil extracting centres, for these firms can get a bigger profit by selling oil rather than peanuts. Small oil extracting works were, therefore, closed down one by one, the equipment sold by auction and the employers forced to seek employment. The two existing centres, owned by the collecting firms, successfully maintain the monopoly and their oil is being distributed to the world market through Taokow, Tientsin and Tsinan.

Of course the whole basis of this new wave of commercialization is the old unclaimed, sandy path of the Yellow River. As the price of peanuts began to rise and peanut growing became popular, a host of poor peasants rushed to this river bed and by the application of a small quantity of fertilizer and the planting of shrubs and trees as a wind-break, they were able after three years to plant peanuts and reap a heavy crop amounting to 40 or 50 *catties* of dried nuts

per *mow*. Because of the steadily rising price and almost negligible amount of land tax—a few dollars often covering the tax for several hundreds of *mow*—more than ten families which were originally poor and destitute have now become rich peasants possessing mules and horses and respectable two-storied houses.

A comparison between 1932 and 1935 shows that while formerly three families cultivated five *mow* of peanuts, three hundred families now cultivate 3,000 *mow*. Formerly the trade was a matter of peddling and retailing and did not reach more than a mile beyond the village, but now the collecting firms transport huge quantities from the village to the northern Chinese seaports. Within 15 years the price of peanuts per *catty* has risen from $0.0165 to $0.065, or nearly four-fold, and the oil extracting business has shifted from the hands of the poor handicraft people to the landlords and gentry. Whereas formerly the industry was managed and owned by the producers themselves, the producers are now separate from both management and ownership. Thus though the peanut cultivation has imparted a very prosperous appearance to the village, the basic economic relationship has undergone a rapid change.

Under the present system the peanut cultivators and the oil extraction workers have had to bear the brunt of losses incurred through the world economic depression. The price above quoted for 1935 represented a big drop from preceding years, when it was $0.09 per *catty;* and the 1935 price of $0.065, furthermore, was the wholesale price on the world market and not that received by the cultivators which was only $0.03 or $0.04. The violent fluctuation in price movement only serves to make the peanut peasants all the more anxious to sell their produce as quickly as possible and taking advantage of this situation, the collecting firms, though becoming rich themselves, are actually discouraging production.

Parallel to the peanut business, a new industry has developed which also has accelerated the concentration of wealth in the village. This is the manufacture of salt from the soil of the dry river bed of the Siao River. Except for the bar of silt in midstream where reeds grow, the entire river bed is of saline and sodium (alkali) soils, technically known as solonetz and solonchak soils. It is simply a combination of chemicals from which both alkali and salt can be extracted. Prior to 1920, the manufacture of *Tu Hsien* or local alkali, a crude form of sodium carbonate, had long been a

popular occupation bringing to the villages a considerable auxiliary income. Since then, however, *Yang Hsien,* or imported alkali, which is more refined and cheaper than the local manufacture, invaded the market and reduced the demand for the local product by more than half. This, together with the rising price of *Dai Yen,* or salt made by evaporation, has set a basis for the extraction of *Hsiao Yen,* or salt derived from the land. The bed of the Siao River thus quickly shifted from being the seat of alkali manufacture to that of salt extraction. Whereas at present no one in the village is engaged in alkali production, more than 280 families, or over 90 per cent of the total, are connected with salt production.

Prior to 1920, salt production in the village was carried on by from three to five families of poor peasants otherwise unemployed. These producers sold their salt by peddling and the extremely low price of one cent per *catty* was barely enough to keep them from migrating. Between 1920 and 1927, the middle peasants, or comparatively fairly well-to-do families, also participated in salt production in great numbers. This was due to the rapid advance in the price of this kind of salt, to six times the original; to the cheapness of production—usually several dollars worth of implements and lime would make it possible to bring in $200 to $300; and to the fact that in so far as these families could meet the cost of production, they could take the river bed land without payment of purchasing price or tax. Furthermore, the land tax even on the reed beds had been mounting owing to civil war, and the landowners preferred to sell their land and invest in salt manufacture. Indeed one-quarter of the reed beds were sold to the salt producers and for a time it looked as though the entire mid-stream bar would be converted into salt ground.

Through the prosperity of salt production, many relatively poor families of the village became fairly well-to-do, and the village itself stood in marked contrast to those surrounding it, the harvest being safe from bandits and the houses free from theft throughout the years 1920-27. But this was only a transitional period, for since 1927 there has been a constant struggle between the rich and the poor for the possession of the river bed land, resulting in the defeat of the poor and the concentration of land in the hands of the rich. It has been particularly easy for the owners of the reed land to claim large tracts of the river bed contiguous to it, until to-day half

of the salt producers are reduced to the status of tenants and hired labourers. Either by direct management of their own salt ground, or by giving grain to the needy peasants who are independent salt producers in exchange for their product at a cheap price, or by practising usury on them at a monthly rate of interest of three or four per cent, or by a combination of all three, the rich peasant families and landlords have established a monopoly of the entire salt business.

The general effect of the increased commercialization of agriculture on the village economic and political life is obvious. Since the potatoes are ready for picking at the same time as the peanuts, the increasing peanut cultivation has completely ousted that of potatoes. Even a few fields that prior to 1920 were under cotton have been turned over to peanut cultivation. As a matter of fact, prior to 1920 the village imported cotton from Lingchang in Honan and Chengan in Hopei (both districts lie to the north-west of the village), and home spinning flourished; since then cotton yarns from the textile factory in Chang-teh were imported and now the village gets huge quantities of machine-manufactured cloth. The Chinese date trees grown in the village have also been greatly reduced on account of the peanut business. These date trees require five years before a profit can be realized and they naturally yielded to peanut planting which brings in a good income in a much shorter time. This is why even around the peanut fields, instead of these date trees, other trees and shrubs have been planted as wind-breaks. The total production of dates has been drastically cut down until the villagers no longer carry out date marketing in distant cities, as was formerly done. Dates are now handed to the peanut and salt collecting firms to be purchased by agents from outside.

The relatively higher price of peanuts has produced a similar effect on the grain fields. The cash income from grain on the superior land is $5 or $6 per *mow*, that from peanuts is over $9; on the medium-grade land grain yields $1 to $2 per *mow*, but peanuts easily double that amount; and even on the poor, very sandy land where the cultivation of grain is impossible, peanuts may still be raised if extra labour is used, and will bring in over $2 per *mow*. This is why whereas wheat used to occupy 50 per cent of the cultivated land of the village prior to 1920, it now occupies less than one-quarter of the land. A similar rate of reduction has occurred

with other grain. Of course, the western part of the village, as has been described above, is not so sandy and therefore is unfit for peanut cultivation, but the reason why grain is still cultivated in the other sandy parts of the village is due to the fact that the peasants always want to retain a part of their land for raising their own food instead of being forced to pay a high grain price.

The flourishing state of peanut and salt production has given ample employment to the villagers so that, unlike 15 years ago, there are now fewer migrants to Shansi, Suiyuan and Charhar than formerly. In fact the labour situation in the village has been greatly changed by these two new forms of production. Every year the old dried bed of the Yellow River and that of the Siao River are flooded in the late summer or early autumn and thereby a temporary grazing ground is created. Formerly more than half of the herdsmen were adults, but now, owing to the demand for labour in peanut and salt production, the animals are being looked after by young boys, most of them under 15 years old.

The changes wrought in the political field are of even greater significance. Prior to 1920 almost all the merchants in the village—perhaps not more than ten—were all from poor families, and the political power was in the hands of the village elders, who were partly of landlord families and partly of the traditional type of literati. With the growth of commercialization there has risen a new ruling group in the village and these are the landlords, rich peasants and recently educated people who have control over the salt and peanut businesses. These people are not only village administrators but also collectors of peanuts, Chinese dates and salt. They are also grain dealers as well as usurers of the common type. There is no doubt whatsoever that in recent years the centre of political power of the village has been definitely shifted from the elders and old gentry to the business firms wherein reside the trinity of usurers, landlords and merchants.

Setting aside the political question, the sudden increase of wealth made possible by the dried river bed and sandy places where salt and peanuts are produced respectively, has shaken the foundation of the economic structure of the village. On the one hand, as a result of the process of commercialization, the general standard of living has risen; certainly the wants and desires of the peasants have increased. Many young people have learnt to smoke cigarettes

and have ceased to wear hand-made clothing. Gambling has also spread and out of this small village population of a little over 2,000 people, as many as 500 do not eat at home. On the other hand, those with talent find a commercial agency more attractive than the management of production itself. These people accustomed as they now are to a more luxurious way of life, are compelled to intensify the exploiting system for their own profit. This is especially true during periods of depression or times of political chaos, for then price fluctuation is so violent as to make a difference of more than 100 per cent. Under these circumstances the producers suffer most and in a brief two year period about 30 per cent of the total number of families in the village have run into debt. With the exception of three or four well-to-do merchants and usurers the general tendency is towards impoverishment, one indication of which is the increasing substitution of peanut oil for kerosene. Commercialization, unaccompanied by a healthy system of production, is thus shown to be a deteriorating factor in Chinese rural economy, although it at first brings a transitory period of prosperity.

(Chi Ping, *A 'Prosperous' Village in Southern Hopei,* Rural Weekly Supplement of Tientsin I Shih Pao, 17th August, 1935).

3. THE BANKRUPT CONDITION OF SOUTHERN HOPEI

THE VILLAGE of Chien-che-chueng, the home of the writer of this article, lies in the district of Kwang-chung in the southern tip of Hopei. About one mile east of this village there is a big river on both banks of which orchards are to be found, which in good years attract many merchant collectors from Tientsin. A plain surrounds this village on the other three sides, but owing to lack of irrigation the harvests are dependent solely upon the rainfall.

With the exception of seven families who are engaged in trade, the entire population of the village—501 families—is agricultural. There was a series of good harvests from 1916 to 1920. During that period social conditions were quite stable, but the drought of 1920 caused a drastic decline in land price and a sudden rise in grain

prices. Since then the number of bandits has increased, and the well-to-do families who had to guard against them night and day, have contracted narcotic drug habits to counteract excessive fatigue. During the past decade and a half, the drain caused by drug expenditure has certainly contributed toward village bankruptcy.

There are very few families of twenty people, and since the population is a little over 3,500, the average size of a family is seven, which represents a decided decline for this part of the country. There are more women than men and most of the women over fifteen years of age have bound feet. Thus in the whole village there are not more than one thousand people able to work in the fields.

There are no big landlords in the village because of, among other reasons, the constant division of family property in land. There are now only 18 families with more than 100 *mow* each, 40 with 50 to 100 *mow* each, but as many as 323 with less than 20 *mow* each. From this it will be seen that those owning over 100 *mow,* or less than four per cent of the families, own 21 per cent of the land and those with less than 20 *mow,* or 75 per cent of the families, only own 22 per cent of the land. In other words the number of *mow* owned by 18 families is equal to that owned by 323 other families.

In general, families with less than 10 *mow* cannot afford to keep a working animal and either several families have to share the expenses of keeping an animal or each family has to rent an animal from the well-to-do, paying the rent in the form of hay. The prevailing crops are millet and kaoliang which, as far as possible, are used by the peasants for food. Squash, peas, maize and sweet potatoes are also grown, being almost essential substitutes for millet and kaoliang during early summer and midwinter. But the land fertility is such that there are very few cases in which two crops are taken a year; five crops in four years, or four in three are more usual, and the most common is three in two. Productivity is very low on account of the primitive agricultural methods that still prevail; implements and application of fertilizer being much the same as over a thousand years ago. The average production per *mow* of millet or kaoliang is half a *picul,* of wheat a little less than half a *picul,* and of peanuts a little over one-fifth of a *picul.*

Family deficits are the general rule, even a fairly well-to-do middle peasant having no good future prospects. Take, for example, a

family that cultivates and owns 30 *mow* of land; the largest total harvest that could be expected would be three or four *piculs* of wheat, six *piculs* of millet and kaoliang, one or two *piculs* of other grains and seven hundred to one thousand *catties* of peanuts. It is necessary to keep 0.2 to 0.3 *piculs* of wheat and 15 *catties* of peanuts for seedlings, per *mow*. Thus, according to the market price, this family could only obtain a cash income of $36 from wheat, and a little less than $20 from peanuts, and as the other crops were used for family consumption, the total crop income could not amount to more than $56. But on the expenditure side, the item of fertilizer alone would come to about $30, taxation $5 to $7, extra food items, such as salt and oil, $5, and fees pertaining to social functions $10 to $20. It will be seen then that the crop income is barely enough to cover the most necessary items of expenditure, and yet this balance was only possible because this family had only five members instead of the usual seven.

During the first ten years of this century, there were several seasons of bad harvests and famine, during which most of the young men of the district were killed during clashes with government troops that had been sent to enforce the payment of taxes. Plague spread after the fighting due to the long exposure of corpses. After the establishment of the Republic in 1911, there was another year of war and the consequent plague and famine. Then many village families who possessed very little or no land began to migrate to the three north-eastern provinces or Manchuria. There they worked as colonists and because of the prosperity of bean export nearly every colonist was able to send back to his home village in Hopei over $100 per year. There was such a flocking towards Manchuria that at one time there was actual difficulty in finding sufficient labour during the harvest season in the Hopei village.

Despite the rapid decline in bean prices after 1929, there were still some remittances coming back to the home village. But after the Mukden incident in 1931, and the loss of Manchuria, the Hopei colonists began to flock back again to their home villages, either because of unemployment or because of the forced termination of their leases of land. In the meantime, however, the conditions in their home village had grown worse. For one thing, the prices of the most important cash crops, wheat and peanuts, had declined considerably, as may be seen from Table 31.

The peasants relied solely on wheat and peanuts for their income while they lived on millet, kaoliang and other substitutes. The fact that both wheat and peanut prices dropped more than 50 per cent within ten years has helped greatly to impoverish the village as a whole.

TABLE 31. WHEAT AND PEANUT PRICES FROM 1925 TO 1935 IN CHIEN-CHE-CHUENG

Year	*Price of wheat per picul in Yuan*	*Price of peanuts per hundred catties in Yuan*
1925	18.8	4.0 to 5.0
1926	18.4	4.5
1927	17.4	4.5
1928	16.05	4.5
1929	16.0	4.3
1930	17.5	4.5
1931	17.5	3.6
1932	17.0	3.5
1933	13.0	2.5
1934	9.0	1.6
1935	12.5	3.0

The sinking economic status of the village is clearly reflected in the decline of education. In the early 1920's there were two boys' schools with nearly 200 pupils and one girls' school with over 40 pupils, but at the present time one of the two boys' schools (the higher primary school) has closed and the two schools now in existence are attended by pupils not only from the village itself but from the surrounding neighbourhood of three or four miles. In the village itself, half the boys of school age and three-fourths of the girls of school age do not even attend the lower primary schools.

The pupils from the outlying places stay with relatives in the village for the school period. Both they and the pupils from the village itself take their lunch to school, and this consists of nothing but millet dumpling and hot water. Even under these conditions these pupils are fortunate, for many boys and girls of school age are needed to work at home. Boys of seven or eight must help to prepare fuel from the trees in the spring and winter and must look after the cows and help with the hoeing during the summer

and autumn. Girls of six or seven are needed by their mothers to look after the younger children and to assist in other domestic work. Furthermore, families that can really spare their children cannot afford the necessary dollar for tuition or the money to buy textbooks.

Only families possessing about 50 *mow* each could afford to send one pupil to the higher primary school, but that school has already been closed owing to the insufficient attendance. The expenditure for middle school students would be $150 per person, which can only be met by a family possessing over 200 *mow* of land. Since there are only eighteen families in this village that have over 100 *mow* each, even a middle school student from this village commands much prestige. Two or three years previous to the present one, families with 50 *mow* of land could send a pupil to the normal school where no fees for tuition or keep were required; but now, owing to the impoverishment of such families, this can no longer be done.

(Kuo Shih-tze, *A Southern Hopei Village in the Throes of Bankruptcy*, RURAL WEEKLY SUPPLEMENT OF TIENTSIN I SHIH PAO, 31st August, 1935.)

4. TOBACCO MARKETING IN EASTERN SHANTUNG

IN THE MIDDLE of October, 1936, the writer of the present article was sent with his colleagues to collect tobacco leaves in the production regions of eastern Shantung. As this was his first experience in this field, all experience was as fresh as it was instructive. Here the condition of the tobacco peasants and their subjugation by the power of industrial capital were brought home to him so forcefully that they left an indelible impression.

The first industrial company to operate in this tobacco district was a foreign one which, as early as 1915, distributed American tobacco seed in the villages along the Tsingtao-Chinan Railway. At first only about one-tenth of the peasant families in the tobacco regions used these seeds, but as the alluring price convinced them that no other agricultural product could yield the same return, more

and more peasant families, as far as their means would permit, took up tobacco cultivation. The development has been so fast that at present at the eastern end of the railway, west of Fong-tze and east of Chow-ts'un, one-fifth of a million *mow* are planted with American seed. Travelling along the railway, one cannot fail to be impressed by the vast fields of large golden leaves.

Many peasants took up tobacco cultivation, not primarily because of the expected returns but rather because, in the midst of their poverty, tobacco planting was the only way to obtain seed and loans. For this reason agriculture in eastern Shantung is rapidly being commercialized and as this process goes on the prices of commercial crops affect the lives of the peasants to an ever greater extent. The peasants are not unaware of this, but forced by circumstances they have to gamble on the crop which has put them in the grip of the price manipulators.

The growth of tobacco from seedling to harvest takes about ninety days, from May to the middle of August. After harvesting the leaves are baked in an underground house kept at a definite temperature. This is a bare house of about eight feet square, without light. It is thickly hung with tobacco leaves which are usually looked after by a woman, who stays there throughout the baking process. If it were possible to look into such a house one would probably see a figure with dirty face and uncombed hair, wearing a pair of red trousers tied tightly just above her tiny feet. She has to watch the leaves for about a week, being most of the time on her feet, and all the time in the hot, moist atmosphere. When baking is finished, the leaves are taken out to be sorted according to their lustre and each leaf is inspected before tying them in bunches of five or six. All this involves a great deal of labour. More than ten days are necessary for one person to handle the leaves from one *mow*.

The total cost of production per *mow* usually amounts to $85 including the cost of seedlings, bean cake fertilizer, coal for the leaf baking, cash wages and taxes. This far exceeds the cost of grain production, for not counting other items, cash has to be laid out to buy the coal. Thus the tobacco producers are forced to make loans, the prevailing form being in credit purchases. The usual monthly interest is three per cent, but it is often higher than this. Loans have to be guaranteed, not excepting credit purchases. While the cash price for bean cake fertilizer is $1.10 per piece, 10 cents more

is charged in the case of credit purchases, which must be paid within six months.

The collection of tobacco leaves begins in October when tobacco merchants connected with factories from different directions come to the production region. Suddenly every collection station is turned into a very busy market with colourful banners flying on high poles to announce the agencies of the different business concerns. Nearby, various shops are set up for the season, carrying in their stock numerous varieties of cheap Japanese goods, chiefly porcelain and cloth. Some of these shops operate victrolas, playing discarded and obsolete records to attract the crowd. These shops, however, have no easy time with their peasant customers who, owing to their financial stringency and consequent caution, will not buy anything until they have gone through a long process of bargaining. Almost every bargain is only made as a result of persistent persuasion from the shopkeeper and frequent visits by the customer.

During the collection season, long processions of wheelbarrows and carts drawn by oxen or horses move slowly along the winding, bumpy and dusty roads. The transportation of tobacco leaves to the market is made more difficult by the wind which frequently rises, carrying with it the thick, yellow dust which makes the way hard to find. At other times, sudden storms reduce the roads to thick mud which makes it hard for wheels to move, and huge pools form through which the peasants have to wade. To cover distances of as much as thirty miles over such roads is no mean feat, and considering further the food and other accommodations that have to be found for the journey, carrying the tobacco leaves to the market becomes a large item of cost to the producers themselves. The significance of the price received for the leaves therefore, has to be weighed against the cost of production and transportation combined, and even the slightest difference in that price arouses in the peasant a surging wave of emotion carrying with it all the vivid reflections of his physical toil and suffering.

Arriving at the leaf collection ground, the peasants have to line up in one of the many queues, some of which are as long as two-thirds of a mile. Confusion seems unavoidable and the police beat them into line with thonged whips. Exposed to hunger and cold they have to wait with the utmost patience, and those standing at the ends of the queues often have to wait for twenty-four hours and

even then are unable to push through the crowd to the doors. Every year there are tragic incidents; some get trampled down by the crowd, some are fatally injured, being rammed by the shafts of the carts, and occasionally boys who are too young to hold their own in the crowd get smothered.

The collection house resembles a big barn with rows of wooden counters covered with bamboo stretchers upon which the peasants have to dump their leaves. Being afraid that their leaves will dry up and lose their lustre in the long interval before the inspector comes round, the peasants often take off their coats, in spite of the cold, and use them to cover the leaves. They stand there with outstretched necks and tense expressions, eagerly awaiting the inspector who, in their minds, is the pronouncer of the final verdict of fortune or doom for the following twelve months. When the inspector finally arrives he quickly classifies the leaves by inspecting a few bunches, but if the peasant should hesitate to sell any one grade or any one stretcherful, all his leaves will be refused. Sometimes when the inspector finds several bunches of lower grade leaves among these of a higher grade, he will confiscate the leaves as a warning. Should the peasant make any verbal protest, he gets roughly handled, and should he resist this actively, the police are immediately called in to arrest him on charges of theft or disturbance of the peace. The peasant is invariably blamed for starting any such affair and in addition to possible fine and imprisonment he is severely cautioned at the time of release.

The foreign company referred to at the beginning of this article, though maintaining its own police, gives no better treatment to the peasants than any other collecting agency. There is, however, a difference in leaf collection by this company and that of others. Whereas this concern strives for strict standardization, without falsification of weights, and will not allow any argument or bargaining, the others tolerate negotiation but also resort to deceit in matters of weight and classification. For many years in the past when the other collecting agencies paid for the leaves with paper money, which later brought the peasants great losses, this foreign company adopted the policy of giving prompt cash. This won the credulity of the peasants as to the honesty of the foreign company, which even outweighed the risk of being paid a slightly lower price.

The largest part of upwards of $10,000,000 worth of tobacco leaves

produced in eastern Shantung is collected by this foreign company which has virtual control over the entire market. Every year it has the initial power to decide the prices of leaves, and the other collectors are more or less bound to follow its lead. Thus during the years of economic depression, particularly when the Manchurian market was almost lost, it has been able to drop the collection prices of leaves on the strength of its monopoly. But what has been conceded to the consumer in the market price has been taken from the peasant producer, who has almost the entire burden shifted to him.

Due to the relatively large amount of foreign capital invested, the tobacco market in eastern Shantung is already developed to such an extent that it has a controlling influence over the entire agrarian economy of that section of the country. It is true that this particular commercial crop has already increased productivity, has enlarged rural markets and has further extended money economy, all of which is definite evidence of progress. It is equally true, however, that this increasing commercialization of agriculture, under the present circumstances, has driven the peasants to take the risks of leaf prices which are more and more manipulated by the factories and collectors. The fortunes and indeed the very lives of the peasants have become absolutely dependent upon the tobacco market.

(Hsu Yung-sui, *Tobacco Marketing in Eastern Shantung*, SHUN PAO WEEKLY SUPPLEMENT, Vol. II, No. 14, 11th April, 1937, Shanghai.)

5. FOREIGN INDUSTRIAL CAPITAL AND THE PEASANTRY IN HONAN

AT THE beginning of the present century tobacco planting was only done in the central part of Honan in the two districts of Yi-hsien and Sian-cheng, and even here it was not regarded as the main source of the peasants' livelihood. After the outbreak of the World War the British-American Tobacco Company began to extend its influence to the villages of Shantung and Honan and in

both provinces Chinese compradores were utilized. In the case of Honan the chief compradore was Jen Pei-yen who accompanied foreign staff members of the company to investigate soil conditions in those two districts. In 1914 and 1915 the peasants were instructed to begin the planting of the American seed tobacco and later the tobacco peasants were encouraged by the high collecting prices given by the company. The compensation that was given to Jen Pei-yen for this attracted many petty compradores in the neighbouring districts to serve the interests of the company.

Situated on the Peiping-Hankow railway in the centre of the province is the city of Hsuchang where the compradore Jen was able to acquire several hundred *mow* of land for the foreign company, partly by purchase and partly by enclosure, under the name of a fictitious Chinese family, Yung-an-tang. The high and massive building of this company on this piece of land has always been very impressive to the peasants and the company did not find it difficult to extend tobacco cultivation in the surrounding districts. Aside from those tenants and hired agricultural labourers who did not have enough means to take up such expensive cultivation, the majority of the peasants became very enthusiastic over the American tobacco seeds which were the source of enormous profits both to the foreign company concerned and to the Chinese compradores. Up to 1927, though the company was not yet able to collect leaves directly from the villages, but still had to buy them from several hundred Chinese collectors who had representatives in Hsuchang, the value of leaves collected in Honan by the company already amounted to over $20,000,000 annually.

But through all the years the tobacco peasants were at no time given a square deal, owing to price manipulation and the squeezes of the middlemen. The public wrath against the company was given the fullest expression during the revolutionary movement of 1927 when the company's building and warehouses at Hsuchang were burnt to the ground by the peasants in the locality and the soldiers under General Feng Yu-hsiang. The revolutionary regime of that time ordered the arrest of compradore Jen who was forced to seek refuge in Hongkong.

In spite of all this, however, the company was still able to make leaf purchases through other Chinese compradores who had close connections with the collectors. These collectors and the Chinese

tobacco company, called Nanyang Bros., reaped a huge profit during this period, and the influence of the latter on the Honan leaf market began to increase. But the British-American Tobacco Company did its best to negotiate with the Chinese Government and to find a more capable and shrewd Chinese chief compradore to succeed Jen Pei-yen, and after 1929 the company again opened its business in Hsuchang with new vigour and plans.

In re-establishing its business in Honan, the company spent a great deal of money in order to bribe the governmental authorities in Hsuchang as well as the rotten gentry in the surrounding districts. In the meantime the company secured Oo Ting-seng as their compradore. Oo derives his prestige from the fact that he was once the Chairman of the National Association of the Tobacco Business, in Shanghai, and is still an important official in the Chinese Ministry of Finance; and it seems that no one can better handle the process of bribery in order to pave the way for the new plans and success of the company.

Upon Oo's arrival in Honan, he induced both politicians and powerful gentry to participate in carrying out the company's programme. Soon reports were circulated that the land property of Yung-an-tang, formerly managed by Jen Pei-yen, was to be sold to a new company called the Hsuchang Tobacco Company, which was really just as much of a façade to camouflage the company as the Yung-an-tang. The total price given for several hundreds of *mow* was only $9,000 but of course the bribery and other extraordinary items in the transaction amounted to over ten times this sum.

Oo's successful intrigue with the bureaucrats and gentry gave satisfaction to one group but aroused the jealousy of another. This latter group sued Oo and the former group for the illegal sale of land to foreigners. This attempt was defeated by a skilful counter-attack from Oo who again bribed the Court and manoeuvred through influential elements in Nanking. He also established a newspaper—*The Agricultural and Commercial Daily*—in Hsuchang as a vocal organ of the company. There was widespread public hatred of the company because nearly half a million tobacco peasants in over ten districts round Hsuchang had not been given a square deal for their products, and hundreds of leaf merchants had been deprived of their business after the company had arranged with the

Ministry of Railways for the monopoly of leaf transportation. But the group which originally sued Oo had no intention of fighting a public cause and indeed they were out to make trouble for the company in order to reap selfish gains for themselves. Thus when a part of that group also received money from Oo, and when the judge had been bribed with $5,000 the company finally won the case.

Since 1934, the Hsuchang Tobacco Company has been the tool of the British-American Tobacco Company in securing its monopoly of leaf collection in Honan. The new compradore, Oo, succeeded in suppressing all the minor leaf collectors in Hsuchang, and therefore the tobacco peasants round Hsuchang have no alternative but to sell their products to the foreign company. With the middlemen eliminated, the peasants have to carry their own leaves to the door of the company's building, sometimes covering a distance of 70 or 80 miles, and often in quantities of less than 100 *catties*. This in itself is difficult enough, but on arrival they have to line up in queues and sometimes wait for over a day without leaving the spot.

Immediately after entrance into the tobacco shed the peasant is given a number, after which the grading and price of his leaves are recorded, but the prices accorded are almost invariably those of an inferior grade to that submitted. This in itself is unfair enough, but what is worse is the great price reduction in general since 1934. Whereas formerly one *catty* of leaves was given to the company for from 80 cents to $1.20 it is now given for from 10 to 30 cents. This refers only to the first grade and the present price for the inferior grades ranges anywhere from three to ten cents.

The production figures round Hsuchang show that even on the best soil only a little over 200 *catties* can be obtained from one *mow* and out of these not more than 40 or 50 *catties* on the average are first grade. Thus 6 cents per *catty* is the average price received by the peasants, or in other words the income from one *mow* is about $12. This is such a meagre income that it cannot cover all the necessary expenses of production. In many cases what the peasant receives for his leaves is not enough to cover the accumulated debt incurred on coal used for the baking process.

The increased poverty in the tobacco districts has been clearly reflected in the wholesale closing of the middle schools where the

inajority of students came from peasant families. Not a few of the students who have had to leave their schools have joined the army, as the only way left of getting a livelihood. Since the peasant households have been deprived of the means that they used to have of making a supplementary income, cigarette making by hand machines has become one of the few new methods of earning a living. These cheap hand-made cigarettes have offered serious competition to the products of the factory especially in the countryside where the standard of living is on the decline. But owing to the pressure brought to bear by the British-American Tobacco Company, the Chinese Ministry of Finance has levied a relatively heavy tax on these home manufactured cigarettes. In the latter part of 1936, the Tax Bureau in Hsuchang even went so far as to issue a decree purporting totally to prohibit the operation of the cigarette-making hand-machines. The Bureau expects that in three years this business will be totally wiped out.

It is now clear that foreign industrial capital has fully utilized the weakness of the Chinese political and economic system to assert its power and advance its profit, but the students and peasants have come to realize more and more that their increasing poverty has not been due to fate nor lack of individual ability and diligence, but is chiefly due to the formidable alliance of the bureaucrats, rotten gentry and foreign capital.

(Min Chi, *The British-American Tobacco Company and the Honan Peasants,* CHUNG-KUO NUNG-TS'UN, Vol. II, No. 7, July, 1936, Shanghai.)

6. GOVERNMENTAL CONTROL OF TEA MARKETING IN ANHWEI AND KIANGSI

THE WORLD is apt to associate China with silk and tea, but both these Chinese exports have long been on the decline. Of the two, the decline in the tea trade is the most striking, the volume of exports having decreased by 70 per cent within the last thirty years. The apparent causes of this decline are to be found in foreign competition and the lack of improvement in China with regard to

methods of production and marketing. But it must be noted that one of the most serious obstacles to be overcome before modern methods of marketing can be introduced is the monopoly of the export trade by the big Chinese tea houses in Shanghai.

Being purely brokerage houses, acting between the foreign firms and the Chinese tea collectors in the provinces, these tea houses in Shanghai, called Ch'a Chan in Chinese, have obtained their important position in the tea trade because of the part they play in the credit system. Nearly all of them borrow large sums, either from foreign banks or from foreign business firms, and thereby extend loans to the tea collectors or collecting agencies, who in turn deal directly with the tea peasants. The monopoly of delivery to the exporters as well as the manipulation of tea prices have come under the power of the Ch'a Chan on the strength of their financial control.

It is easy to realize how real this control has been, for without this credit extension through Ch'a Chan, the merchant collectors could not carry on their business nor could the tea peasants secure the credits which are necessary to them for production. The amount of the loans extended by the Ch'a Chan depends upon the amount of tea deliveries promised to them by the collectors and the Ch'a Chan retain a further control over the collectors because the loans are only partly made in cash, the balance being in promissory notes. If the Ch'a Chan should at any time cease to honour these notes, then the collectors as well as the local money shops with which they have to deal, would obviously run into difficulties.

Recent economic changes in China have furnished a new impetus to investment and business, and this applies among others, to the tea market. First, rural bankruptcy, in recent years, has forced money capital to flee to the cities with the result that bank deposits have swelled. This new banking capital, though still to some degree dependent on foreign banks and business concerns, is in a better position to control the marketing of export commodities than the old traditional institutions such as the Ch'a Chan, simply because it finds itself in a better position to furnish credits. The new highways and railways have also affected the system of agricultural markets, and this is particularly true in the case of tea in Anhwei and Kiangsi. Hitherto the tea producing districts in the southern part of Anhwei and the north-eastern corner of Kiangsi have not been

easily accessible to the large river ports because they are situated in the very mountainous region. The famous Keemen tea had to be transported by way of the lake region in Kiangsi to be re-shipped at Kiukiang to Shanghai via the Yangtse. The recent construction of highways from Anhwei to the capital of Chekiang which is connected with Shanghai by railway, and from Keemen to Hsuan-chen, which is connected with Wuhu by a newly built railway, has greatly changed the transportation situation.

This change does not merely mean that there has been a considerable reduction in the time taken for transportation, but it has brought about an economic and political issue which is of far greater significance. In this tea region no commodity can afford to meet the comparatively high cost of motor transportation on the highways except black and green teas which are for export. Such transportation is bound to be expensive since it is dependent on motors, tyres and gasoline, all of which have to be imported, let alone the taxes and other financial burdens to which the highways are subject. The charges made on the 250 km. highway from Keemen to Hsuan-chen are as much as $1.80 per 50 *catties* of tea. Since tea is now the most strategic factor in maintaining highway traffic in this region and the highways are under the management of the provincial government, it is only natural that governmental control of tea marketing in Anhwei and Kiangsi should result.

So much for the background and motive of the newly organized Anhwei-Kiangsi Joint Tea Marketing Committee, an institution nominally initiated by the provincial government but in reality organized by banking interests. The setting up of this government control, however, has brought about conflicts with the Ch'a Chan in Shanghai. This government project for tea transportation and marketing was first proposed in February of 1936 at a meeting of the National Economic Council, by the delegates from the Anhwei Provincial Government. Ignoring opposition from the Ch'a Chan, the Anhwei Provincial Government quickly negotiated with the National Economic Council and the Kiangsi delegates, and on 1st April, the Anhwei-Kiangsi Joint Tea Marketing Committee was officially established. The dispute between the Ch'a Chan and the government was aggravated by the fact that government assurance had been given just before this that no policy of control was intended, whereupon the Ch'a Chan unhesitatingly extended loans

for the year of over $1,000,000. Of course, the Ch'a Chan were subsequently to realize that the real purpose of the new governmental committee was to bring the transportation and marketing of tea under its sole control.

As a very effective measure of retaliation the Ch'a Chan immediately announced that they would suspend the honouring of their Promissory Notes. This created a disturbance not only among the tea collectors but also in the business world. This move resulted in a compromise between the merchants and the government by which one of the Ch'a Chan managers was appointed head of the marketing section of the governmental committee. Furthermore, governmental control limits itself to the transportation and marketing of the 'Kee' tea or the red tea, which is produced in the districts of Keemen and Cheteh in Anhwei, and Fouliang in Kiangsi, and therefore the Ch'a Chan in Shanghai are still left in control of the green tea trade.

In so far as relationships with the foreign merchants are concerned, this newly organized governmental committee has brought no change whatsoever. At a meeting of the foreign merchants, a responsible delegate from the Anhwei-Kiangsi Joint Tea Marketing Committee declared that all red tea exports would remain in the hands of foreign merchants, i.e. no direct exporting would be done by the Chinese. In addition to this, the governmental committee agreed to deal with the foreign merchants in exactly the same way as the Ch'a Chan had done as regards commission, fees, security and so forth. In other words, so far as the exporting end is concerned, the governmental committee has merely become an official Ch'a Chan.

Two stages in the carrying out of the government policy were announced; first, there was to be a reduction of the burden on the tea collectors in the districts, and only after the completion of this was the second stage to be introduced by which the tea peasants were to receive benefits from the new system. Though the realization of the second seems doubtful, the first is apparently attainable. The Ch'a Chan charged the red tea collectors a nominal monthly interest rate of 1.5 per cent and a real interest rate of three or four per cent, by reason of the late settlement of accounts. The loans now introduced by the governmental committee are only charged with 0.8 per cent monthly interest. Again, whereas the Ch'a Chan charged 15 per cent commission on red tea deals, the governmental committee

only make a charge of two per cent. Furthermore the fictitious expenses which the Ch'a Chan claimed they had incurred for the tea collectors had to be paid by the latter at the average rate of $10 for each case of tea of 50 *catties*. Under the present system, these 'expenses' no longer exist.

The basis for this reduction in the burden to be borne by red tea collectors is to be found in the greater capacity of the modern Chinese banks to furnish money capital. In 1936, the loans introduced by the governmental committee amounted to $1,837,500, furnished by the Bank of Communications, the China Agricultural and Industrial Bank and the Anhwei Provincial Bank. The committee, though itself a mere go-between of the bankers and the tea collectors, is really a business organization superior in strength to the Ch'a Chan in Shanghai. As big fish swallow little fish, so the governmental committee tends to destroy the business of the Ch'a Chan. At the same time the tea collectors are benefited by the process for the big fish can afford to ignore the tadpoles.

How much the tea peasants will be benefited by this new system, however, is far from clear. It can not be inferred that the tea collectors will pass any of the benefits on to the tea peasants. This, in fact, has already been evidenced by the peasant riots in the tea districts at the time when the collectors forced down the collection prices. Furthermore, these collectors reap the benefits of the loans from the government committee but advance hardly any sums for the improvement of production. Indeed when they extend loans to the peasants from funds that they have received on easy terms from the government, they still insist on high interest rates, this being possible owing to the extreme poverty of the tea producers who are in no position to bargain with the collectors.

(Sze Ke-kang, *An Analysis of the Governmental Control of the Tea Trade in Anhwei and Kiangsi*, in THE DYNAMIC SITUATION OF CHINESE VILLAGES, Edited by the Research Society for Chinese Agrarian Economy, pp. 42-51, 1937, Shanghai.)

7. SILK FILATURE AND SILKWORM COOPERATIVES IN WUSIH

WUSIH, like Nagano in Japan, is one of the most famous silk-producing districts in China. There was a drastic decline in silkworm raising during the first years of the world depression and in that period the peasant households that had previously raised eight or nine egg sheets, only raised one or two, and many mulberry fields were turned over to the cultivation of rice. But lately, with the revival of the international silk market, there have been some signs of recovery in the silk farming of Wusih. In the meantime, however, a change has come about in the cocoon business because of the new cooperative development.

The improved silkworm eggs were first introduced during the years of the silk boom around 1923 and 1924. The local merchants, taking advantage of the situation, established several stations for the production of these egg sheets. As the business proved to be very profitable, they went one step further and after 1927 they trained a group of people to direct the silk peasants in the use of the improved egg sheets. These instructors account for the beginning of the silkworm cooperatives, for even now the cooperatives are organized for the sole purpose of giving instruction. Once the success of the improved eggs had become evident, the owners of silk filatures set up their own egg producing stations, training centres for instructors and silkworm cooperatives; thus a battle began between industrial capital and trade capital for the control of the cocoon business.

In this regard, the most successful of the silk filature owners is the Hsieh family, a well-known bureaucratic land-owning family of the 19th century, since engaged in cocoon and silk speculation. The controlling influence of this Hsieh family, who now own the two best silk filatures in Wusih, became apparent after 1930. By that year, under the name of the government, they had already established a so-called model area of sericulture, from which instructors were sent out to all parts of Wusih. Ten central instruction stations were organized to control the smaller ones and each central station was responsible for setting up a silkworm cooperative. The whole system was designed to instruct and supervise the silk peasants in

the production of better cocoons for the use of the silk filatures of the Hsieh family.

More recently the Chinese government has embarked on the policy of encouraging the cooperative movement, and banking capital thereby became involved in the silkworm cooperatives in the so-called model area. Since then these cooperatives have been organized according to the new cooperative law and by the end of 1936, out of the 89 fully recognized cooperatives in Wusih, 60 were silkworm cooperatives. In the spring of 1937, over 100 instructors were sent to these 60 cooperatives from the model area and in the meantime the ten central instruction stations were reorganized so that only six were open at a time in rotating order. The influence of banking capital through the government has now become obvious.

It has not been difficult, however, for the leader of the Wusih silk filatures, a member of the Hsieh family, to prevent the further influence of banking capital in the silkworm cooperatives because he wields considerable power through the use of industrial capital. It has been easy for him to set up his own cooperatives and to send out his instructors while complying with the new laws. While, in the spring, the government sent out over 100 instructors from the model area, he also sent out over 100 instructors in the district of Wusih, and other nearby silk districts also received instructors from him. Furthermore he has established a training school for instructors and at the present time over 300 girls are being trained there. This simply indicates that industrial capital intends to keep a firm hold upon the silkworm raising business.

It is now evident that there are two kinds of silkworm cooperatives in Wusih, one organized by the government with funds from the banks, and the other organized by the silk filatures privately as a part of industrial capital. It is undeniable that these cooperatives have produced cocoons of markedly better quality, due to careful instruction and close supervision, but as soon as the cocoons are ready for collection or for the filature, the activities of the cooperatives are over until the next season. Contrary to the provisions in the cooperative law that the cooperatives themselves may boil the cocoons and engage in cooperative marketing, the cooperative members sell the fresh cocoons from their households directly to the merchants or the filatures. The chief reason for this immediate sale

is to be found in the need for an immediate cash income to the silk peasants. The banks have promised to extend loans to these cooperatives to finance the preparation of boiled cocoons and when the cocoons are given as security, loans can be obtained to the extent of 70 per cent of their value. The cooperative members, however, cannot afford to wait for cash payment until this process has been completed and furthermore they cannot afford to pay the monthly interest of 1.2 per cent required for the loan.

The fact that the available banking capital cannot be properly utilized by the silk peasants means that the silk filature is better able to control the silkworm cooperatives. Under the dominating influence of the silk filatures owned by the Hsieh family, cocoon buying is practically a monopoly and the cooperatives cannot make a better bargain, even after securing a loan from the banks and themselves preparing the boiled cocoons. The chances are that the silk filature can deliberately delay the cocoon buying in order to force the cooperatives to come to terms, and in this way the cooperatives are likely to incur some loss because they would have to meet both loan interest and warehouse fees.

The control of the situation by the silk filatures is not limited to the cocoon buying monopoly for, as has already been seen, they have organized their own cooperatives and have been able to exercise their influence on production itself. On the surface it appears that the cooperatives organized by the silk filature have a certain advantage over the others because they receive the silkworm eggs from the factory at a cheaper rate than their market price. Furthermore, these cooperatives do not have to pay cash for the eggs, it being possible to extend the credit until the time when the cocoons are delivered. A few years ago, the cocoons of superior quality from these cooperatives even received an extra cash reward from the silk filature, and even now the silk filature furnishes them with instructors gratis just as the other silkworm cooperatives receive their instructors from the government institution.

In reality, however, the industrialist of the silk filature cannot be entirely philanthropic to the silk peasants and upon closer observation what appears to be an advantage to the cooperatives turns out to be a real exploitation of their members. The silk filature sells the egg sheets at 45 cents per sheet—five cents cheaper than the market price—but the account is debited, not by the number of sheets but

by the weight of the worms on each sheet when first hatched, the unit of such weight being arbitrarily fixed. The worms first hatched from one egg sheet ordinarily weigh 0.15 Chinese ounces, but the silk filature calculates that every sheet is equal to 0.1 Chinese ounce. Since this is to count two-thirds of a sheet as the equal of one sheet, the silk filature gets 60 cents for what it gives to the cooperatives as 40 cents worth and for which the market price is 45 cents.

While nothing is paid by the cooperatives for the instructors sent by the silk filatures, these people are actually the best agents the factory could send to supervise the silkworm and cocoon raising. All imperfect cocoons, such as thin-shelled or double cocoons, are eliminated from the very beginning under the supervision of the instructors, and in the case of failure to do this cooperative members are subject to a heavy fine. This is an excellent way of achieving standardization, but it is also a shrewd way of saving the expense of grading in the factory.

When the cocoons are ready for delivery, the cooperative members have to carry them from their households directly to the silk filatures, regardless of the distance. At the time of delivery the peasants are given a certificate of the weights received without any indication of the price. At least one month passes before the silk filature announces that it is ready to make the cash payments for the cocoons. It classifies the cocoons delivered into three grades and adjusts the payments more or less according to the current market prices; but while the first grade is paid slightly more than the market price, the second and third grades are paid much less than the market price. When, for instance, the market price for the first grade cocoons is $30 per *picul* the silk filatures of the Hsieh family pay $31 or $32 per *picul*, but the payment for the second grade is invariably $1 or $2 less than the market price and for the third grade it is not much over $20 per *picul*. Since out of the cocoons collected the first grade amounts to a relatively small proportion, the total payments by the factories are bound to be less than what they would be according to the market price.

Any desire on the part of the silk peasants or the silkworm cooperative members to resist the measures of the filatures is discouraged by their fear that they may be forced to pay for the instructors and for other expenditures incurred by the cooperatives.

This accounts for the fact that while the industrialists can enjoy a huge profit from their filatures, the silk peasants cannot even make a living wage. At this time when banking capital has to find some compromise with industrial capital as regards silkworm cooperatives, the silkworm producers themselves are in no position to defend their own rights, and these cooperatives exist almost exclusively for the interest and gain of the silk filatures.

(Ku Nung, *Silkworm Cooperatives in Wusih,* CHUNG-KUO NUNG-TS'UN, Vol. III, No. 6, June, 1937, Shanghai.)

8. PAWNSHOP AND PEASANTRY

UNTIL RECENT years, the traveller through Chinese cities and rural trading centres would have found the pawnshop the most massive and best built of all business houses. Unlike the modern bank buildings, built for the purpose of attracting public attention, the old pawnshops were built more with a view to security from fire and robbery. From the point of view of obtaining loans, what the money shops and banks are to the rich, so the pawnshops have been to the poor.

The majority of the pawnshops in China are located in rural districts, a fact which has been statistically demonstrated by the data obtained from some 4,500 pawnshops throughout the entire country. The compilation of such data is shown in Table 32. From this it can be seen that three-quarters of the pawnshops are located in the countryside and these rural pawnshops account for more than 70 per cent of the total capitalization and about seven-tenths of all the loans extended.

Supplementary to the above, similar statistics have been compiled from several provinces which are useful in showing the distribution of the pawnshops. In 1935, in Kiangsu province, only 31.6 per cent of the pawnshops were located in the cities with 40.4 per cent of the total capitalization. The statistics for the same year in Shansi province showed an apparently reversed situation which, however, can be explained by the abnormal situation brought about by the

currency crisis. In this case a little over 54 per cent of the pawnshops were in the cities and these urban pawnshops represented 63 per cent of the total capitalization. This was definitely one of the results of the devaluation of Shansi paper money after 1930. After the almost wholesale closing down of pawnshops in the midst of devaluation, those in the cities which were comparatively better capitalized, were able to re-open in larger numbers. That the original percentage of the rural pawnshops had been greater is shown by the fact that in 1921 there were only 260 pawnshops in the cities while in the countryside there were 471. The present situation in Shansi is obviously an exception, for taking China as a whole, the majority of pawnshops are still to be found in the rural areas.

TABLE 32. COMPARISON BETWEEN URBAN AND RURAL PAWNSHOPS IN CHINA IN 1935

Location	*Number of shops*	*Percentage*	*Capitalization in Chinese dollars*	*Percentage*	*Total loan in Chinese dollars*	*Percentage*
Rural parts	3,386	75.0	68,809	71.8	149,315	69.2
Urban centres	1,131	25.0	27,003	28.2	66,348	30.8
Total	4,517	100.0	95,812	100.0	215,663	100.0

The close relationship between pawnshop and peasantry is not only indicated by the location of the former but may also be seen from an analysis of the types of customers. Using, as an example, the statistics from four districts of Chekiang, where careful investigations have been carried out, it is clear that the majority of the customers are peasants, who also receive more than half of the total money loaned.

Leaving out the city pawnshops, even a rough study of the chief forms of pawning in the rural pawnshops clearly shows that it is the least well-to-do peasants who form the majority of the customers. In 1930, 167 pawnshop receipts collected from the peasant families around the village of Tsing-hua, near Peiping, were analysed for this purpose. The smallness of the value of the pawn tickets is undoubtedly indicative of the meagre resources of the peasant families holding them; out of a total of 167 pawnings as many as 158 had a pawn value of less than three dollars each. Though there were six

tickets with a value of five dollars and upwards each, there were as many as 54, or one-third of the total, each bearing less than 50 cents pawn value. As rural conditions have not improved, at least around Tsing-hua, since 1930, this situation presumably exists to-day.

TABLE 33. PERCENTAGES OF PAWNSHOP CUSTOMERS IN CHEKIANG
(Hai-ning, Kia-shin, Ping-hu, Hai-shien)

Type of Customer	*Hai-ning*	*Kia-shin*	*Ping-hu*	*Hai-shien*
Peasants	58.5	49.5	57.6	54.0
City residents	12.5	14.2	13.5	15.3
Small merchants	9.5	12.5	10.3	11.2
Artisans	10.2	13.3	11.4	10.3
Others	9.3	10.5	7.2	9.2
Total	100.0	100.0	100.0	100.0

TABLE 34. PERCENTAGE DISTRIBUTION OF PAWNSHOP LOANS IN CHEKIANG

Type of Customer	*Hai-ning*	*Kia-shin*	*Ping-hu*	*Hai-shien*
Peasants	54.5	45.2	59.2	52.2
City residents	14.5	16.5	14.8	16.7
Small merchants	11.5	14.3	11.5	12.1
Artisans	9.1	11.5	9.2	9.8
Others	10.4	12.5	5.3	9.2
Total	100.0	100.0	100.0	100.0

The analysis of those 167 pawnshop tickets also reveals that the majority of articles pawned proved to be living necessities such as clothing. What may be termed as personal ornaments amounted to 37 per cent, whereas clothing, mostly of cloth, formed 57 per cent of the total. Furniture, agricultural implements and agricultural products, formed six per cent of the total pawned. One cannot help noticing that out of 95 pawn tickets for clothing, as many as 81 had a pawn value of less than two dollars each, and 33, or fully a third of the total, had a pawn value of less than 50 cents each.

How closely the pawnshop business is related to the agricultural season can be seen from the fact that while the peasants plant in spring and harvest in autumn, most pawns are redeemed in the

autumn and made in the spring. Wherever local differences are found, they will be found to be based on differences in the main crop. Thus the pawnshop can be regarded as one of the most important financial institutions among the Chinese peasants, which by its very nature is an institution of usury.

From the data compiled from 1,898 pawnshops, the monthly rate of interest is seen to range anywhere from one to eight per cent. From this total, 1,255 are rural pawnshops of which 263 charge a monthly interest of two per cent, 448 three per cent, and 460, four per cent. In other words 21 per cent of the rural pawnshops demand an interest of two per cent per month, 36 per cent demand three per cent interest, and 37 per cent demand four per cent interest. There were 21 pawnshops charging six per cent interest per month and three charging eight per cent, which combined form one-and-a-half per cent of the total number of rural pawnshops.

The high usurious interest cannot be fully appreciated without taking into consideration the short term of the loan. During the last few decades there has been a rather rapid tendency to shorten the redemption period of the pawns. This period had always been a matter of three years for the past two centuries. At the beginning of the present century it was reduced generally to two and a half years, and from then on a series of reductions have occurred. At present pawnshops in many districts have reduced the redemption period to six months. From a very incomplete survey of 1,272 rural pawnshops it was found that 21 per cent fixed redemption at 13 months, but as many as 39 per cent fixed it at from six months to a year.

This tendency to reduce the time limit has both a commercial and political basis. For instance, as fashions have changed more quickly in recent years, the pawnshops are compelled to shorten the time given for redemption in order to be able to find the best market for the unredeemed clothing. This, of course, is more applicable to the urban pawnshops than the rural ones, but in the business guild, the former exercises a deciding influence over the latter and thus all pawnshops are affected. The political reason is connected with the slogans used during those years when the Kuomintang was revolutionarily active, which caused the government to order the reduction of pawnshop rates of interest. In order to counteract the losses that would have resulted the pawnshop guilds shrewdly

reduced the redemption period in proportion to the amount that the interest was reduced, so that their net profit remained substantially the same.

The question now arises as to who owns the pawnshops. Some are owned by the government or by public bodies but these are only a small fraction of the whole. Of the privately owned pawnshops, the overwhelming majority are of joint ownership, each belonging to a group of several rich families, and of the remainder, one single family either owns one or several. In 1935, the China Banking Year Book, compiled and edited by the Bank of China, listed 617 pawnshops out of which 105 were each owned by two families jointly, but as many as 293 were each owned by a single family. The high percentage of single family ownership is attributable to the fact that the number of pawnshops investigated were in a very limited area. As an example of many pawnshops being owned by a single family, the most widely known is that of General Chang Chin-yao, for many years the Governor-General of Hunan. Flourishing in the years 1915-25, he accumulated a huge sum of money and a chain of more than 80 pawnshops in Peking became one of his principal forms of investment.

TABLE 35. PAWNSHOPS IN FOUR DISTRICTS OF KIANGSU (APRIL 1933)

District	*Number of pawnshops*	*Circulating capital (Yuan)*	SOURCES OF THIS CAPITAL *Per cent from merchant*	*Per cent from landlord*
Jukao	11	340,000	20	80
Changshu	20	720,000	22	78
Wusih	34	1,210,000	75	25
Sunkiang	17	510,000	65	35

The largest majority of pawnshop owners, however, are merchants and landlords. According to the Shansi statistics for 1935, only 3.1 per cent of the pawnshops were owned by government and public bodies, with 3.5 per cent of the total initial capitalization and 2.9 per cent of the total circulation capital. Landlords owned 34.5 per cent with 59.8 per cent of the initial capital and 24.7 per cent of the circulating capital. As many as 46 per cent belonged to merchants and these pawnshops claimed 36.7 per cent of the initial capital and 49.6 per cent of the circulating capital.

Pawnshops in China are almost ubiquitous. They represent usury of a commercial character. Where trade is better developed pawnshops claim a larger share of capital from merchants; where economic remnants of feudalism still dominate, most of their capital is directly furnished by landlords.

Sunkiang and Wusih are commercially more prosperous than Jukao and Changshu, but under present circumstances the larger part of the trade capital is derived from agricultural rent. The Chinese pawnshop, therefore, is the best expression of usury-trade-landlordism—an institution with three phases.

(Lo Kuo-hsian, *Chinese Rural Finance and the Pawnshops,* NUNG-TS'UN HUO-TSO, Vol. II, No. 6, 1937, Wuchang. Chen Han-seng, *The Agrarian Problem of China,* 1933, Shanghai.)

9. USURY IN THE RURAL DISTRICTS OF SZECHWAN

SZECHWAN province has been dominated by militarists and their collaborators—the landlords and gentry—for more than twenty years. High rents and excessive taxes, combined with usury, have oppressed the peasants and kept them on the verge of starvation. This impoverishment of the people in turn provides a fertile ground for the practice of usury. The branch of the Bank of China in Chungking has revealed a significant fact in this respect. According to its investigations in 1934, 40 per cent of the total population of Chungking and its suburbs were in debt and 60 per cent of those in debt had contracted cash loans. This latter percentage represents an increase of 60 per cent over the same figure for the preceding year, and this rapid growth of usury, taking place as it did in the most prosperous part of the province, is very significant.

Further from the big trading ports, such as Chungking, the percentage of indebtedness, and sometimes that of cash loans is greater. In the district of Kwangan, directly north of Chungking, the writer carried out investigations in the spring of 1936 and found

that no less than 73 per cent of the total population of 144,000 were in debt, representing a two per cent increase over the preceding year. Of these debts, 82 per cent were cash loans.

Regardless of the place, urban or rural, there has been a surprisingly rapid increase in interest rates. In 1932, for instance, for every $100 loaned, $25 had to be paid as annual interest, but in 1936 $40-$60 had to be paid as annual interest, an increase of 15 to 35 per cent. The increase in the monthly interest rate has been even more rapid. In 1932 it was only 2.5 per cent, but in 1936 it reached five to seven per cent. In cases where interest was calculated by the day, the increase during the same period was anywhere from 100 to 500 per cent. The rapid increase of all interest rates was accompanied by a general increase in the number of usurers.

It is difficult to ascertain the total number of usurers in any one district, but the result of the 1934 investigation in Chungking may well serve as an indication. If, according to this investigation, there were more than 700 prominent usurers in this prosperous district at that time, there were bound to have been many more in the remote and less prosperous districts.

There are two types of usurers, those who loan in cash and those who loan in kind. Both demand qualified and reliable guarantors or security, and in case of default either the guarantors become responsible or the security is seized for the realization of the loan. In the latter case, however, the interest is often doubled as 'a fine for breach of faith'.

There are three varieties of cash usury, generally practised in Szechwan. The first variety is known as 'Fong Kwan Chien', meaning the loan of pass money; pass indicating that there is a definite date which cannot be postponed on which the loan must be repaid, complete with interest. The default of such a loan would involve the debtor in the payment of double or treble interest. Under this category of pass loans, there are five kinds of cash loans. First, the pass is set for two hundred days and the loan with the interest is repaid in instalments every ten days, the first instalment being due ten days after the loan is made. An example of the highest interest charged for this kind of loan is that when $10 is loaned, $1 is repayable at the end of each ten days until at the end of 200 days $20 has been repaid as principal and interest. This practice is most prevalent in the district of eastern Szechwan. Second, the pass is

set for six months, payments being made monthly. On a $10 loan, $2 is repaid each month, making $12 in all. Third, the pass is set for five months, also with monthly repayments, and in this case $2.40 instead of $2 is repaid per month. Fourth, though 100 days are fixed for the pass, 20 per cent of the loan is withheld as interest in advance. For instance, when $10 is loaned, the borrower only receives $8 and he has to make daily repayments of 10 cents making a total of $10 at the end of the period. This practice is most prevalent in the district of southern Szechwan. Fifth, the pass is set for 60 days, also with daily repayments. $12 must be paid for a loan of $10 in instalments of 20 cents.

The second variety of cash usury is known as 'Tai Tai Chien', which is characterized by the emphasis laid on the guarantors. One common practice with this type of loan is the collection of one-twentieth of the principal every market day, which usually occurs in Szechwan every three days. The interest on this two-month loan is deducted from the principal at the time the loan is made and is five per cent per month. Another practice is to make a one month loan with daily repayments from the second day on. Thus on a loan of $10, 40 cents must be paid every day for thirty days. The usual amount of such a loan, however, is anywhere from $1 to $30. A ten per cent charge is made in addition to the principal and interest whenever there is a default, as a collection fee, and after the third default the guarantor is held responsible, both for the loan and the collection fees.

'Chin Tu Fang,' meaning somersaulting, represents the third variety of cash usury. This is similar to the second variety in that it also demands reliable and qualified guarantors, but it differs from the other two in that no definite time limit is set for repayment. In other words, though five cents to ten cents is paid by the debtor every day or every market day, the loan is terminated only when both interest and principal are totally paid. Thus, once payment is postponed, the loan becomes subject to compound interest. This means that the debtor often has to pay interest many times the value of the principal itself, and many debtors are never able to clear such payments. Bankruptcy and perpetual indebtedness is the inevitable result.

The three varieties of cash loans mentioned above, as well as other forms of cash loans are sometimes repaid in grain, which represents

an even higher interest as is indicated by the saying in Szechwan, 'A cash interest of three is a grain interest of four'. This is taken to mean that the minimum interest rate paid in cash is three per cent while that paid in grain is four per cent. Thus for every $100 cash loan, the payment of grain interest would be a minimum of five *piculs* or a maximum of eight. Figuring on the usual grain price during the autumn harvest season, when it is $8 to $10 per *picul*, the actual interest rate per annum would amount to a minimum of 40 to 50 per cent or a maximum of 60 to 80 per cent. In many cases, however, the price of the grain is fixed just before the sowing season, and runs as high as $20 per *picul*. What the peasant debtor has to pay, therefore, is an annual interest of anything from 100 to 200 per cent. The highest interest of this kind paid, however, is in the districts of Yu-yang and Su-shan in the south-eastern corner of the province where payments are made in opium or the seed of the dryandra tree (which is used for obtaining T'ung oil).

At least four varieties of usury in kind are prevalent in Szechwan, and their significance to the peasants is just as great as the cash loans, if not greater. Probably the commonest variety is that of loaning grain to the peasants, and this practice is carried on under many different names. In the districts of Pai-ling and Chang-shu, to the east of Chungking, and Kiang-tsin to the south-west of Chungking, the so-called 13 to 9 loan is the most common. During April, when the peasants are most hard pressed, they can arrange to borrow 0.9 *piculs* of grain, but in August they have to repay the usurers with 1.3 *piculs*. The loan is supposedly based on the market value of the grain and, supposing the grain to be worth $15 per *picul*, $6 interest is paid within five months on a grain loan valued at $13.50.

Another practice, the so-called two to one loan, is commonly found in the hilly regions, especially in the two districts, Fung-tu and Shi-chui, lying east of Pai-ling. The grain loan which is operative from April to August carries an interest rate of 100 per cent; if the market price is $14 per *picul*, then $28 worth of grain has to be given in repayment of one *picul*. In southern Szechwan, in the districts of Yun-chang and Lung-chang, a grain loan of one *picul* is repaid by one-and-a-half *piculs* in two or three months. Such a short-term loan is in reality calculated on the same basis of interest payment as the two to one loan operating for five months.

The severity with which the peasant debtors are treated, especially

after their loans become due, is almost unbelievable. A typical example will suffice as illustration. In the district of Kwan-hsien, on the well irrigated and fertile plain of Chengtu, one owner-cultivator obtained the loan from a local landlord family of one *picul* of rice just before the planting season. This loan was to be repaid after the spring harvest of rice. Since the loan was calculated on the market price of grain and since this price dropped from $15 per *picul* at the time the loan was made to $6 per *picul* when it became due, the debtor in this case had to give three *piculs* in repayment. To all appearances this may seem a just deal, but in reality the peasant could not make the repayment as his harvest was exhausted in the payment of taxes and other unavoidable expenses. He therefore begged his creditor to give him more time which resulted in an arrangement by which he should pay three-and-a-half *piculs* before the next rice harvest. By that time the market price of rice had risen from $6 to $13 per *picul* and the peasant debtor, possessing neither adequate grain nor cash before the harvest, found it even more difficult to make the repayment than before. He was therefore compelled by the landlord usurer to convert the three-and-a-half *piculs* of rice into a cash loan of $45, at a five per cent monthly interest, with a written contract and security of two *mow* of land. Thus what originated as a grain loan of one *picul* of rice became within one year a heavy cash burden from which the peasant had very little hope of ever escaping.

As a result of taxes, rent, and usury most of the peasants have had to give up one or another of their agricultural implements, and many of them have been forced to borrow. This has furnished the basis for a second variety of usury in kind. On the one hand, the majority of the peasants have been so impoverished that they are frequently unable to replace implements, but on the other hand, repeated civil wars and frequent raids by bandits have involved continuous and rapid destruction of implements. According to a close investigation in Chengtu, covering 11 sub-districts and 25 rural market centres, more than 700 ploughs, more than 8,000 hoes and upwards of 10,000 articles of all kinds made from bamboo were taken from the peasants during a short period in which a local civil war was fought. Since, during the last two decades, almost no district in Szechwan has escaped some sort of warfare, the result above described cannot be regarded as an exceptional case. Virtually all the poor peasants

in the province have to rent implements from the well-to-do-families, including the rich peasants, and they pay according to the value of the implement, which in the case of ploughs, for instance, is taken to be as much as 10 to 20 cents per day. As the implements become scarcer, the number of peasants waiting for the use of the same implement becomes greater and greater, so that even the prompt payment of the rent cannot procure an extension of the borrowing period.

The third variety of usury in kind is the renting of agricultural animals, which closely parallels the renting of agricultural implements. The number of agricultural animals in Szechwan is rapidly on the decline. In Kwan-hsien, for instance, with about half a million *mow* of cultivated land, it was reported in 1936 that there were only a little over 7,000 buffaloes for work in the fields, this number representing a 30 per cent drop from the previous few years. Thus there was only one buffalo to more than 70 *mow;* and since each *mow* has to be cultivated three times, one buffalo can finish only one *mow* per day. High renting fees were possible because each peasant family was anxious to finish its field work early. During the spring ploughing season of 1936, buffalo rent was $2 a day; but because of the high cost of protecting the animal from being requisitioned together with the increased price of fodder, the owners raised the rent to $3 during the autumn ploughing season of that same year. In addition to this cash rent the renter has to furnish two other items, namely, about ten sheaves of rice straw per day for the buffalo and meals for the attendant who is always sent with the buffalo to see that it is not overworked. During the months when no ploughing is done, a buffalo can be rented for from 20 to 30 cents per day and mules and horses which are not used for field work but for carting, can be rented at any time for about 20 cents per day.

Connected with usury in kind is the fourth variety which takes the form of ceding to the usurer a portion of the unharvested field or selling the green crop to the usurer in advance. In the case of the former there is usually a written contract and the portion of the field handed over to the usurer for harvest always yields a crop with a value several times surpassing the combined interest and principal of the loan. The second form is also very prevalent in Szechwan. The usual procedure for selling the green crop in advance

is to make out a written certificate, the presentation of which entitles the holder to reap the harvest. The amount of land ceded to the usurer for harvesting is calculated on the basis of the probable crop yield together with the lowest grain price expected in the harvest season. In practice, however, this price generally turns out to be only 40 to 50 per cent of the average price. On the other hand the loan given to the peasant, which in most cases takes the form of grain, is based upon the highest price of grain before the harvest. This scissor-like operation represents the highest form of usurious interest rate conceivable. In the districts where the peasants cultivate dryandra trees, such as Su-shan and Chung-chow, the product sold in advance before the blossoming season is calculated at $5.00 per *picul*, whereas during the actual harvest season it is worth $30.00 per *picul*.

(Lee Kuo-ch'un, *Village Usury in Szechwan*, CHUNG-KUO NUNG-TS'UN, Vol. II, No. 11, November, 1936, Shanghai.)

10. GENERAL LIVING CONDITIONS OF THE PEASANTS IN MIDDLE SHANSI

IN A COUNTRY like China where taxes and requisitions are so frequent and heavy, any rural investigator always arouses suspicion on the part of the peasants, and therefore when they make budgetary studies they are sure to meet almost insurmountable difficulties. At the same time, it is only through such studies that a concrete idea can be obtained of the reasons and extent of peasant bankruptcy. The writer of this article, having studied carefully the rural conditions of his home district, which is about 30 miles south of Taiyuan, compiled a typical budget for the peasant families of middle Shansi. The figures in the budget were derived from the writer's own investigation among four owner-cultivators, two agricultural labourers hired by the year and two farm managers. In the year of investigation, 1933, there was a slight excess of rain but no flood and though the crop was not unusually large, it was better than in many other places in the same province.

TABLE 36. A TYPICAL PEASANT FAMILY BUDGET IN MIDDLE SHANSI, 1933
(Income Per *Mow*)

	MAIN			AUXILIARY			MAIN & AUXILIARY
	Quantity (Piculs)	*Price (Yuan)*	*Total value (Yuan)*	*Quantity (Catties)*	*Price (Yuan)*	*Total value (Yuan)*	*Total value (Yuan)*
Wheat	0.35	3.00	1.05	100	0.0001	0.01	1.06
Kaoliang	1.00	1.30	1.30	500	0.0005	0.25	1.55
Maize	0.70	1.20	0.84	200	0.0005	0.10	0.94
Spiked millet	1.00	1.50	1.50	200	0.002	0.40	1.90
Beans	0.50	1.60	0.80	150	0.001	0.15	0.95
Sesamum seed	40 catties	0.05	2.00	150	0.0005	0.075	2.075
Cotton	30 „	0.10	3.00	50	0.0005	0.025	3.025

From the statistics of crop income and expenditure (Tables 36 and 37), it will be seen that every crop except cotton involves a deficit of varying amounts per *mow*: $1.84 in the case of wheat, $0.964 in kaoliang, $1.574 in maize, $1.12 in spiked millet, $1.86 in beans, and $1.025 in sesamum seed. The balance for cotton is only $0.925. Even when we consider home labour as being supplied without cash payment and deduct the cost of this item, there is a small credit balance in four cases, namely, kaoliang ($0.36 per *mow*), spiked millet ($0.38 per *mow*), sesamum seed ($0.475 per *mow*) and cotton ($1.675 per *mow*). The remaining three crops still have the following deficits per *mow*: maize $0.574, beans $0.61, and wheat $0.94.

The average crop income per *mow*, as can be seen from Table 36, is $1.643 but the average expenditure per *mow* for production and taxes amounts to $2.738, thus leaving an average deficit of $1.095 per *mow*. Even if the cost of labour is omitted, the credit balance is as small as $0.035 per *mow*. Omitting sesamum seed, which is only used in this part of the country as a rotation crop once in ten years, the maximum number of *mow* that one able-bodied peasant can cultivate is three of cotton, five of beans, ten of spiked millet, 15 of wheat, 20 of maize, or 25 of kaoliang, making a maximum average of 14 *mow*. Only in a few instances is a peasant able to cultivate as much as 20 *mow*, and even in such rare cases the credit balance per *mow* does not exceed 70 cents per *mow*, not counting the labour costs.

Hitherto, however, the daily consumption of the peasant family has not been discussed. After numerous enquiries and checking, the writer of this article was able to ascertain some general and reliable figures in this respect. In middle Shansi the usual number of people per family is five, the peasant and his wife, one grandparent and two children. When the *per capita* consumption of grain is two-and-a-half *piculs*, costing two *yuan* each *picul*, and the *per capita* consumption of clothing and other food items is four *yuan*, making a total of nine *yuan*, the minimum annual consumption per family must be about 45 *yuan*. Just how a peasant family, even supposing they have the highest possible total credit balance from their crops, can find such a sum is difficult to see. In fact, the peasants always resort to one or several of the following measures: 1. Loans from pawnshops and other sources; 2. Mortgages on

TABLE 37. EXPENDITURE PER MOW ON PRODUCTION AND TAXES

(*A*) On Production

	SEEDS			FERTILIZERS	RENT OF ANIMALS FOR TILLAGE	LABOUR		
	Quantity (Piculs)	*Price (Yuan)*	*Total value (Yuan)*	*Total value (Yuan)*	(*Yuan*)	*Days*	*Wage per day*	*Total wage (Yuan)*
Wheat	0.10	5.00	0.50	0.20	0.40	3	0.30	0.90
Kaoliang	0.007	2.00	0.014	0.20	0.40	4	0.25	1.00
Maize	0.007	2.00	0.014	0.20	0.40	4	0.25	1.00
Spiked millet	0.01	2.00	0.02	0.20	0.40	6	0.25	1.50
Beans	0.02	3.00	0.06	0.20	0.40	5	0.25	1.25
Sesamum seed	1 catty	0.10	0.10	0.20	0.40	6	0.25	1.50
Cotton	10 catties	0.03	0.03	0.20	0.40	3	0.25	0.75

(*B*) On Taxes

	MAIN LANDTAX AND SURTAX (*Yuan*)	MILITARY REQUISITIONS (*Yuan*)	ASSESSMENT BY GOVERNMENT MESSENGERS (*Yuan*)	FEES FOR FIELD INSPECTION (*Yuan*)	FEES FOR VILLAGE ADMINISTRATION AND MISCELLANEOUS LEVIES (*Yuan*)	TOTAL EXPENDITURE (*Yuan*)
Wheat	0.32	0.05	0.03	0.05	0.45	2.90
Kaoliang	0.32	0.05	0.03	0.05	0.45	2.514
Maize	0.32	0.05	0.03	0.05	0.45	2.514
Spiked millet	0.32	0.05	0.03	0.05	0.45	3.02
Beans	0.32	0.05	0.03	0.05	0.45	2.81
Sesamum seed	0.32	0.05	0.03	0.05	0.45	3.10
Cotton	0.32	0.05	0.03	0.05	0.45	2.10

their houses or the selling of their land; 3. Sale of jewelry and valuables, and even of women and children; 4. Part-time coolie labour or other auxiliary work; 5. Still further reduction in clothing and food, even to the extent of eating husks; and 6. The resorting to other means which may bring them punishment by law.

That 45 *yuan* is enough to feed and clothe a family for the entire year seems impossible to people living in Chinese cities, the annual expenditure of a peasant approximating the monthly expenditure of an urban dweller. The fact is that the peasants' food consists chiefly of the cheapest kind of grains such as kaoliang and millet flour. Even this flour is limited to one meal a day and is only given to those members of the family doing hard field work. The morning and evening meals generally consist of gruel mixed with squash—generally of the pumpkin variety. When even millet becomes too expensive for them, the poorer families substitute maize flour. Even in the case of the family of a clerk of the village office, gruel made from kaoliang flour was in constant use from February to September, and millet could only be afforded with the new harvest. According to the clerk's own story, his family could not afford to burn lamps, the only exception being on New Year's Day when four ounces of kerosene were bought. As to clothing and furniture, this family had bought nothing new for many years. One set of clothes was used all the year round, the padding being taken out for spring and the lining for the summer. Every scrap of rag was saved for mending and re-mending the clothing.

In middle Shansi, as in many other parts of north China, small areas of cultivated land are usually not leased owing to the fact that land is not fertile enough to yield much rent, the production cost is relatively low and the tax burden relatively high. Land is leased only when the owner has a large block or blocks, or, in the case of a small landowner, when the family has been deprived of its farm-hands. Share rent prevails in Shansi; the crop is usually divided equally between landlord and tenant; and while the former takes care of the taxes, the latter has to furnish all the necessary means of production. In the central part of this province, many of the men have left their homes to become merchants, leaving their land to be managed by the women as small landlords. Thus many large and rich families lease such land as part tenants.

The rich peasants in middle Shansi cultivate from 100 to 300 *mow*,

each keeping from two to four working animals. In the case of such peasants, therefore, the labour cost per unit of land is much less than that shown in Table 37. In addition, they do not have to rent the animals for tillage, the only expense being in their keep. Furthermore they often loan out their animals to the middle and poor peasants, for which they receive rent. This rent per animal per *mow* used to be about 60 cents and in spite of the reduction since the winter of 1933, owing to decreased grain price and bad harvest, a minimum rent has been set at 40 cents by the common agreement of the animal owners. Inasmuch as one working animal can cover five *mow* a day, the income of the rich peasants, from this source alone, is not less than $2 per day.

The rich peasants own grain stores, flour mills and sometimes grocery stores; and from them the village chief is usually appointed. As taxes and requisitions go through their hands and as they also control the market price of consumers' commodities, they are in a position to enrich themselves further by usury practices. One family known to the writer, for instance, had to borrow $15 with a monthly interest of four per cent and had to offer 8 *mow* of the best land and a building plot, worth $114 altogether, as security. Furthermore, this loan contract fixed the redemption period at a maximum of five months, at the end of which failure to repay meant loss of the security. The poor peasants are in perpetual debt and despite the rise in the price of wheat and cotton in 1934, the living conditions of the large majority of the peasant families did not improve in the least.

(Chang Chiao-fu in the RURAL WEEKLY SUPPLEMENT OF TIENTSIN I SHIH PAO, 13th July, 1935.)

11. 'THE FILIAL MOURNING HEAD-DRESS SOCIETY' IN THE VILLAGES OF CHANG-I, SHANTUNG

LONG BEFORE the introduction of modern cooperative societies into China, there were, in Chinese rural communities, various forms of organization for mutual help. Being in principle similar to the modern movement, these traditional cooperative societies still

exist in almost every district throughout the country. Often, foreign investigators mistake these for secret societies of the peasants, as for instance when the Japanese South Manchurian Railway Company in one of its publications in 1930 listed many cooperative societies as rural secret organizations. Recent field investigations around Tsinan, the capital of the province, have revealed that in 27 districts there are 18 types and 57 kinds of traditional cooperative societies. The purposes for which these societies have arisen include cultivation, marketing, loans, savings, general labour, self-defence, famine prevention, and even to provide mutual help for weddings, funerals, care of children, band music, common temple worship and travel.

In 1932, when the writer was investigating agricultural conditions in Chang-I, particularly in the vicinity of Chanlin, he discovered many forms of cooperative societies for the carrying out of funeral ceremonies and burials. Among these there is the 'Filial Mourning Head-dress Society' which the Japanese investigator in 1930 wrongly classified as one of the secret armed societies for self-defence. Owing to the Chinese custom whereby the offspring must mourn their parents with the wearing of coarse, white cloth hats, these societies have assumed various names such as the 'White Hat Society,' the 'White Organization', etc.

Though the exact origin and history of such societies has never been definitely recorded, the objective need of the village people must be responsible for their existence. The necessity to find outside labour, which is difficult especially during the harvest, together with the necessity of meeting the unavoidable expenditure, evidently made such organizations desirable. In almost every village where there are a considerable number of men with old parents still living, there is always one such 'Filial Mourning Head-dress Society'.

As the management of funeral ceremonies and burial, in each case, usually requires 20 to 35 people, these societies ordinarily have a membership of this number. Generally the initiator is regarded as the head of the society which is organized by a meeting at his home. Here an agreement is drawn up, either oral or written, to fix the share rate of expenditure as well as the regulation for labour assistance. On an average, each member pays in advance of the ceremony from 1 to 5 *tiao* or 500 to 2,500 cash (0.18 to 0.90 *yuan*), either to the head of the society or directly to the survivor

of the deceased. As to mutual aid in labour, the members have to attend to the carrying of the coffin, the digging of the grave and other miscellaneous items.

According to the regulations of the society there can be no delay in payments and neither can any credits be given; any assistance in labour must also be prompt. In other words, all members of the society, however poor they may be, must pay the cash immediately upon hearing of a death in one of the member families. Regardless of the time of day, no matter how busy they are, they must rush to offer their services. In many cases, the members even have to leave the harvesting field abruptly in order to attend the ceremony. On the principle that the bereaved family must not be put to any expense, no food must be taken from the family by those rendering assistance; and although drinking water may sometimes be accepted, it is absolutely forbidden to take any meal.

While each member is entitled to receive money and labour assistance in this way upon the death of his father or mother, he cannot resign until the society is dissolved which takes place only after all members have had an opportunity to take advantage of its services. For the sake of equality the services of the society can only be given to one parent from each family, and those with both parents living must declare on which one's behalf they are joining the society. Only when all the parents of all the members of the society are living at the time the society is formed can the privilege extend to both, but such cases are rare. Thus those with two living parents often join two societies. Whenever a member finds it necessary to leave his village either temporarily or permanently, he is obliged to find his own substitute in the society, and this substitute has to meet both the money payments and the labour services, just like any other member.

Since by its very nature, this kind of society often lasts for more than twenty years, a set of rules has been established to regulate the choice of substitutes. In the absence or death of the original member, a brother, son or cousin is the preferred substitute. In case there is no available substitute, the departing member is responsible for an extra money payment and the labour services are thereby excused. This applies especially to those who have already been benefited by the society. Any one whose parent or parents are still living and who has therefore not called upon the services of the

society, may resign if his entire family moves away permanently. This set of rules for electing a substitute is not usually fixed at the formation of the society, but is decided upon as the occasion arises, the purpose being to adjust to the contemporary situation.

This traditional type of Chinese rural cooperative is in marked contrast to the new cooperative movement in China, which has proceeded from theory rather than from need and circumstance. A study of this type of organization would certainly reflect the true relations in Chinese rural communities.

(Wong Yo-yui, *The Filial Mourning Head-dress Society in Chang-I*, RURAL WEEKLY SUPPLEMENT OF TIENTSIN I SHIH PAO, 23rd March, 1935.)

12. NOTES ON THE RURAL COOPERATIVES BY AN EX-MAGISTRATE

A VISIT to Japan in 1929, during which the writer had an opportunity to visit the various cooperatives in Nakano Prefecture, inspired him to participate in the rural cooperative movement in China. His first idea was to attempt to amalgamate utilization, credit and marketing and purchasing cooperatives into one organization, with the main policy directed toward maintaining peace and order and common utilization of land. After having set up an experimental cooperative in Tzao-yang, his home district in Hupeh, he was appointed district Magistrate and concurrently the Secretary-General of the Committee of Cooperatives of the Provincial Government.

Upon being asked by Mr. Strickland, an English expert in the organization of cooperatives, who inspected the cooperatives in Tzao-yang in November, 1934, what was the main policy, the writer replied that his aim was to complete the organization of utilization cooperatives. The purposes as explained to Mr. Strickland were threefold, firstly, to exclude the gentry from participation in the cooperatives; secondly, to realize equalization of land ownership, and thirdly, to eradicate communistic ideas. For these the writer was

praised by Mr. Strickland as a true disciple of the Three Principles of Sun Yat-sen—national independence, democracy and the improvement of the people's livelihood.

In spite of the high position, adequate authority and proper power, the endeavours of the writer in the cooperative movement have not been fruitful owing to numerous hindrances. In the first place, government officials connected with the administration of the cooperatives are generally ignorant of their purpose. One incident that stood out clearly in his mind was the conversation he had with the highest official in the provincial government. In a discussion between them regarding the cooperatives, the official said 'In connection with the new policy that the Generalissimo is favouring, my duty is purely administrative, and the only thing I have to do is to muster sufficient funds for the finance. As to rural rehabilitation or peasant relief, that is impossible. My family has loaned to the peasants continuously, and we have lost a lot, for recently the peasants have repaid nothing. Now when the cooperatives issue loans to the peasants, they simply regard them as a governmental relief measure. How can they be expected to pay their debts? And after all, how much money can the government agricultural bank put into such a venture? Let me warn you not to do too much and consider carefully for yourself.' The writer tried to convince him that the cooperatives were not a matter of usury, but because of his deep prejudice, no words could make any impression, and under such circumstances the cooperative movement had to be considered doomed.

Besides the general misconception on the part of government officials, there is a fatal indifference to law and regulation which sometimes amounts to wilful deceit. Those holding high positions as well as those closely connected with them may alter or break legal regulations as they please, but on the other hand such regulations prevent any useful initiative being taken by those with experience. For instance, the Secretary-General and the Inspector-General of the Committee of Cooperatives both have their spheres of activity defined, but the latter changed the regulations to suit his own convenience. Again, while the qualification of the appointees by the Committee has been well defined, the high officials made appointments regardless of such regulations. Even regarding the procedure of organization, there were unreasonable and sudden

changes within six months. The Generalissimo's headquarters had sent people out to direct the organization of cooperatives with definite instructions not to organize more than two hundred full-fledged cooperatives and five hundred preparatory ones in the province, within the first year. This policy was soon revoked, however, because many efficient organizers were secretly reported to the Generalissimo and blamed for not having organized enough cooperatives, even if they had actually filled their quota.

Furthermore there is a great deal of red tape when the cooperatives are connected with the governmental administration. In Hupeh there are over 100 documents, mostly questionnaires, by which the cooperative directors appointed by the government have to abide, and with which the directors themselves cannot expect to be thoroughly familiar. It is said that in the province of Kiangsi, where the Generalissimo had his headquarters for a long time, official documents pertaining to cooperatives have reached double the number of those in Hupeh. A considerable portion of this documentation relates to the regulations of the whole hierarchy of cooperative authorities.

In the case of credit cooperatives, those who wish to apply for funds must fill in an elaborate petition form which has to go through all the steps of the hierarchy before an actual grant is made. The officials of the local cooperatives, acting upon the petitions of their members, have to fill out another form to hand to the cooperative directors, who in turn submit it to the chief director of the district. After due deliberation, the latter signs a further petition which he places before the Committee of Cooperatives of the Provincial Government. This Committee collects all petitions and negotiates with the Agricultural Banks for loans. These banks have been established by the provincial governments with funds from the Provincial Treasury, such funds having been derived from surtaxes on land and other similar assessments. From the Provincial Agricultural Bank, special investigators are sent to ascertain the loan situation and only after the bank has satisfied itself as to the soundness of the security, is the loan granted through the same channels as the application was made. The whole process from the initial petition to the final grant takes at least three months and very often half a year.

The marketing cooperative in Loh-toh, the home village of the

writer, has had a bitter experience on account of the official red tape. The petition for a loan to finance cotton marketing was sent in September but the money was not received until February of the next year. When the cotton was finally transported to Hankow, it was too late to make a profit and because of the falling price the cooperative had to get rid of the cotton immediately at a considerable loss. In an attempt to make the best of the situation, the cooperative bought lumber with the proceeds, to be marketed in the home district. The greater part of the lumber, however, was lost in transportation, due to the July flood. Nearly half of the total loan contracted by this integrated cooperative for purchasing and marketing was lost inside five months. Further misfortunes have actually left the cooperative in debt.

As to the utilization cooperative, the type most favoured by the writer, its true realization is still more difficult to obtain when the cooperative organization is tied up with the bank. Despite the policy of the Provincial Committee of Cooperatives to encourage the setting up of the utilization type, the agricultural bank can always block the way because of the very short term of its loans. Such loans are made for a maximum of three years and usually have to be repaid in the same year that they are made. In the face of this who would have the courage to attempt a true utilization cooperative? It is no wonder then that in recent times even the idea of utilization cooperatives is no longer discussed by the Provincial Committee.

As far as experience has shown, even the credit cooperatives have not done well. The regulations in Hupeh do not permit a cooperative member to receive a loan of more than 15 dollars at a time. This is obviously too small to allow for any improvement in farm methods. Because of the collective responsibility of the cooperative members for loans, any one failure to meet payment means a burden on all the other members, which arrangement may easily offset whatever little advantage the cooperative may have to offer. The concrete advantage is only to be found in the lower interest rate offered to the cooperative. The cooperative interest rate is a little less than 20 per cent per annum whereas the prevailing rural interest rate is 30 per cent. But in exchange for this possible advantage, members have to endure all the red tape and consequent business risks.

The writer believes nevertheless that if there were no official interference and if the management were left entirely to the village members, the cooperative movement would be by no means doomed. The idea which first occurred to him as to the necessity of establishing cooperatives for the common utilization of land is still as real as ever. At all events, the peasants in his home village are more anxious to secure land for cultivation than to negotiate for a loan of money. There used to be about a hundred families in Loh-toh, but in June, 1936, the time when land leases are made or renewed, more than 30 families who had been tenants up to that time had to leave the village owing to their inability to renew their leases. A utilization cooperative would not only do away with the insecurity which inevitably comes from short leases, but would also certainly help to consolidate the scattered plots of land. At the present time many peasants have to walk as much as three miles to get to their fields. By joining the cooperatives such waste of time and labour would be easy to abolish. Furthermore, the tenant peasants would be only too glad to join the organization in the hope of obtaining a rent reduction, for the landlords have always taken advantage of every possible situation to raise rent. In Loh-toh rent per *mow* has risen rapidly from $3 in 1934 to $5 in 1936.

(Ma Pei-yuan, *The Importance and Organization of Rural Cooperatives,* Min Chien, Semi-Monthly, Vol. III, No. 22, 25th March, 1937, Peiping.)

13. THE EXPERIENCES OF A DISTRICT DIRECTOR OF COOPERATIVES

SINCE THE cooperative movement in China is under the control of the government, the Provincial Bureau of Reconstruction appoints a cooperative director for each district. This is only a semi-official position, but owing to the widespread unemployment of young people of education, even these posts are considered of official rank and are much sought after. To be a firm believer in the movement and a university graduate—as is the present writer—is by no means sufficient qualification. The appointments are almost with-

out exception made on the basis of personal recommendations and more often than not through high officials and influential gentry. Knowing this the present writer was equipped with what he thought to be infallible recommendations, but nevertheless he only received his appointment as district cooperative director after having waited for two months during which he had to make frequent personal visits followed by letters calculated to keep his name constantly before the Bureau Chief.

Having left the provincial capital and arrived in the district where he was to work, first conversations with the District Magistrate were rather disappointing. Though an admirer of Generalissimo Chiang Kai-shek, the magistrate did not seem to be familiar with political affairs. His main contention was that the whole nation should be militarized but that reconstruction programmes were a mere waste of money. He had not much use for the cooperatives and yet could not very well refuse the order of the provincial government; so he told the present writer that the work of a District Director was to set up a few cooperatives so as to satisfy the provincial government but to concentrate all effort on the organization of *pao-chia.* This system, with every ten families as the unit, was originally used as a measure for common defence but has long since been utilized by the authorities as a means of demanding community responsibility and as an additional instrument for the maintenance of peace and order.

It was almost unbelievable that one official order from the Generalissimo's Field Headquarters could have suddenly changed the attitude of the magistrate. In this official order Chiang Kai-shek urged all magistrates to promote the cooperative movement as an important phase of economic reconstruction. The cooperatives were regarded as an important factor in doing away with the middleman's profits and the usurer's exploitation, and the success or failure of cooperatives was proclaimed to be one of the standards for official promotion or demotion. Upon receipt of this order our magistrate immediately spoke to all his subordinates and tried to convince them of the importance and urgency of the cooperative movement. Indeed he himself initiated the idea of setting up one new cooperative every week, in the district. This slogan was no sooner known than applications for forming cooperatives began to come into his office.

From the very beginning there was a consumers' cooperative with headquarters at one of the scenic spots of the district. This was regarded as a model cooperative of its kind, and it furnished modern and more hygienic equipment for lodgings. There were slightly more than 100 members, including the magistrate, the chairman of the local Kuomintang, and all the bureau chiefs and governmental committee members, rich gentry, and *pao-chia* chiefs. Since all the members lived with their families and even the *pao-chia* chiefs from the country stayed with their relatives when they came into the city, there seemed to be no real need for such lodgings. As a matter of fact the cooperative house was rarely used as a place for social meetings.

The question then arises as to why such a cooperative was organized. Actually it was initiated by the district magistrate for the double purpose of providing a guest house for all official visitors who might not be able to find modern conveniences in the existing hotels, and also as a gesture to show that they were promoting the cooperative movement. The members sent subscriptions of a few dollars each, just to save the face of the solicitor of the project. Such a subscription virtually amounted to a donation and the donors took no further interest in the cooperative. Even the committee members of this cooperative had no time to look after the administration which was left entirely in the hands of one or two clerks, who invariably took advantage of the situation, squeezed money and submitted false accounts.

As the District Director of Cooperatives, the writer personally approached the magistrate and his subordinate officers to find ways of ending such corruption. The writer of course assumed that they were not aware of the situation, but much to his surprise he was told by them that he should not bother too much with the details of the cooperatives' affairs since, as they said, they could not afford to offend those related to high officials, nor to remove the signboard of a cooperative. Even as an auditor, the District Director was told by these officials not to be too conscientious, but just to perform his duty with one eye closed.

The district where the present writer worked is situated on the coast where fishing boats from neighbouring provinces pass up and down and where the rural centre has become a well established fish market. Within a radius of less than one mile there are more

than twenty banking agencies and money shops. More numerous are the fuel and rice shops and the grocery stores. Most, if not all, such commercial enterprises are owned by the big fish merchants who use such shops not only for trade but also as a means of usury. The fishermen who are owners of small fishing boats, because of their poverty, often resort to a loan of from $200 to $300 each from the fish merchants. As a condition of the loan contract, the fisherman must sell all his fish through the merchant creditor, who, during the process of sale not only claims back the interest and principal but takes additional sums from the proceeds under one pretext or another. The fish merchant often postpones payment to the fishermen purposely so that the latter are forced to make credit purchases from the fish merchant's stores. The prices of goods bought on credit are invariably higher than those of goods bought for cash, the difference often being as much as a hundred per cent. Credit purchases are not only connected with the payment of the loan, but in many cases form a part of the loan itself. When the fisherman applies for the loan, the merchant agrees to it on condition that a part of it is in goods such as his store can supply.

Recently, however, the tide of economic depression was so strong that as soon as it reached this fish market centre, the whole structure of combined trade and usury collapsed. Under these circumstances, the fish merchants were completely perplexed, but the slogan for cooperatives reached their ears at the very moment when they were at their wit's end. Naturally they were quick to utilize this new issue as their own life-saver. Upon receiving an application for formering a fishing industry cooperative, which contained a long list of fishermen's names but of which they knew nothing, the magistrate, who was always anxious to please influential people, lost no time in assisting this organization. With the Chairman of the Chamber of Commerce at the head, with the fish merchants themselves as committee members, with a former bank president as the manager, and with a committee member of the local Kuomintang as the secretary, the cooperative was officially established; and under the power and influence of the magistrate, the function of a District Director of Cooperatives became purely nominal.

It did not take more than three days to set up the fishing industry cooperative. On the eve of its formation, a joint telegraphic petition was sent to the provincial government by the magistrate, the Cham-

ber of Commerce, the guilds and the cooperative-to-be, requesting urgent relief funds, not for the fish merchants as had been petitioned previously but for the fishermen themselves. The obvious policy of these merchants was to secure a loan from the bank, authorized by the government. Nominally this was to be used for the cooperative but actually they intended to share it among themselves as a convenient means for maintaining their shops and stores. Somehow the fund was never received, but this was apparently due to strife amongst the fish merchants themselves rather than to the government's policy.

The fishermen of the district not only had to deal with the fish merchants but also with the salt merchants who, in exchange for the responsibility of tax payment, had the monopoly of the salt market. While the salt merchants demanded a high price from the fishermen for the salt they required, the merchants used every conceivable way to exploit the salt producers, who were forced to sell below cost. Recently the salt producers have organized themselves into an integrated cooperative society for the production and marketing of salt. This cooperative was officially recognized on the strength of a new salt law which purported to break up the monopoly of the merchants. Taking advantage of the fact that this law was promulgated but not yet in operation, the salt merchants worked through the salt tax bureau and as a result of their intrigue the cooperative was officially closed 'for interference with the salt administration'. Because of the attack from the press, the government allowed this cooperative to reopen and from then on the cooperative members became more enthusiastic. However, the arrest of the chief officers of the cooperative was shortly ordered on the grounds that they were communists; and after their flight from the district the members were not able to continue the organization without coming under the same suspicion.

During the three months that the writer was working in this district, he saw the existence of every kind of cooperative recorded, but during his trip of inspection he was disappointed to find that some of the cooperatives kept no accounts, some were unable to call a meeting because they only consisted of one person, and others were literally non-existent. Perusing the office records on his return, the writer found that in some cases all the applications, the regulations, membership lists and certificates of registration had

been written by the same hand. He could not help writing to his predecessor to satisfy his curiosity, and obtained the following reply:

> '. . . The poor people have not yet understood what the cooperatives are, since the general level of education is low. Because of their ignorance, the merchants in general have very often utilized the name of cooperative to avoid the payment of business taxes, while many cooperatives are in the hands of a small group who are out for their own selfish ends. Generally speaking the credit cooperatives are being used by the gentry, the landlord and the rich peasant to secure bank loans for sub-renting to the poor in order to extort usurious interest; the consumers' cooperatives constantly meet with failure because they cannot compete with the merchants; cooperatives for production meet with the same fate for they cannot stand the price drop resulting from the concerted action of the factories; and cooperatives for marketing are equally unable to stand the competition of big merchants. Knowing the real situation as I do, I was compelled to make fictitious records in order to satisfy the Provincial Bureau of Reconstruction. I did this because I was well aware that the high officials would not look into the matter anyway. . . .'

This letter substantiated by the writer's own experience makes his disillusionment in the usefulness of the cooperative movement in China both disheartening and complete.

(Wong Li-jen, *After Three Months of being a Co-operative Director*, CHUNG-KUO NUNG-TS'UN, Vol. 3, No. 4, April, 1937, Shanghai.)

14. THE CHINESE PEASANTRY UNDER THE PUPPET REGIME OF MANCHOUKUO

THE FIRST ACT of the Japanese military invaders of the four north-eastern provinces of China was to organize a puppet government under the name of Manchoukuo. To all intents and purposes this was meant to evade international complications. What was of greater importance, this government was to rule over the 32 million people in those provinces with the assistance of Chinese militarists, bureaucrats, compradores and the worst elements of the local gentry. Indeed these arch-traitors, as the Chinese would call them, were bought at salaries which were invariably two to four times higher than those paid for similar posts

in Tokyo. Yet these people were mere figure-heads, for the real power in every case lay with the Japanese appointees and Japanese advisers in the Manchoukuo regime.

This being the case, the local district government which has more direct relation with the people is of course even more important than either of the ten provincial governments or the so-called Central Government. Though the district magistrate is a Chinese, the chief of the Bureau of General Affairs as well as the District Counsellors are invariably Japanese. It is this Bureau, however, which has the real control over all incoming and outgoing dispatches and letters, as well as all financial transactions. The working of the system simply reduces the Chinese magistrate to a puppet.

As a part of the Japanese policy to curb the anti-Japanese volunteers, small villages were to be incorporated into big ones for the convenience of governmental supervision. This new village system was introduced in July, 1933. According to it every district is divided into eight sub-districts and each sub-district is composed of five villages. Though at first the appointed village chiefs were Chinese, there has been a decided change of policy since 1934 which has resulted in Japanese becoming village chiefs in many instances, and in the appointment of Japanese advisers to the Chinese chief in others.

Under Japanese direction a periodical local census and strict checks on people's movements have become the basis of the maintenance of police power. The districts have been classified into three grades, according to their importance, and in every district of the first grade there are seven to eight hundred armed police, in every district of the second grade five to six hundred, and in the third from four to five hundred. Though the police chief of the village is a Chinese, the head of the branch of the police bureau in every sub-district and the head of the main police bureau in every district are invariably Japanese.

The four north-eastern Chinese provinces are very thinly populated and in the last few decades have been a settlement place for the peasants from Shantung, Hopei, Shansi and Honan. Quite a few of these peasant settlers possessed guns both for hunting and for self-protection against the bandits. The majority of such firearms came originally from the deserted battlefields of the Russo-Japanese war of 1904. Since the Japanese military occupation of 1931, the

Japanese army and the local puppet government have systematically combed the population to confiscate these weapons. According to the official figure given by the so-called Manchoukuo government, published on 7th June, 1934, no less than two-and-a-half million rifles have been taken away from the people. In the districts bordering Korea this policy of disarming the population has been carried to extreme lengths. Here, in many villages, only one knife is allowed for the use of ten families, even for kitchen purposes.

These indications in political trends have their corollary in the economic field and it is an undeniable fact that agricultural production as a whole, under the puppet regime, has been on the decline and the livelihood of the peasantry has turned from bad to worse. Perhaps the surest and simplest index is to be found in the rapid decrease of agricultural wages. To quote a recent report by the Commission of Investigation of Local Affairs, instituted by the Manchoukuo government, 'the wages of agricultural labourers with the exception of several special districts, have decreased by 50 per cent'. This report, as officially announced, was based upon the findings of 10 districts in Kirin, 12 districts in Heilungkiang and 34 districts in Liaoning.

One of the contributing factors to the sinking scale of wages has been the continuous inflow of peasant coolies from eastern Hopei and Shantung, who have been persuaded by Japanese agents to work on the various new military constructions, including road building. In the single year of 1934, as many as 388,000 Chinese coolies moved to the north-east in this way, and of these about half were from Shantung, 38 per cent from Hopei and only three per cent from Honan. In nearly every case the labour-recruiting by Japanese agencies was a matter of deceit. The peasant coolies were originally told of many favourable conditions for work in the north-east and that they were to be paid at the rate of $1 to $1.50 per day. The Chinese peasants were naturally very susceptible to these tales owing to their desperate situation at home, and many of them were only too glad of the opportunity to get away as an escape from heavy taxes, rent and usurious loans.

Almost all the newly arrived peasant coolies were used in the building of railways and motor roads under strict Japanese supervision and armed guards. They had to work at least 12 hours per day no matter what the weather or the season. In the winter they

even worked by the light of kerosene lamps and there was no proper shelter for them at night. Wooden rods and leather whips were freely used on the bodies of these peasant workers—a phenomenon typical of treatment in the tropical and sub-tropical colonies. All these workers were given thin gruel and spoiled kaoliang as a regular diet, but their wages were always two to three months in arrears. Instead of $1 per day, as promised, their nominal daily wage in the majority of cases did not exceed 30 cents.

Any protest against working conditions or wages could not be anything but futile for it has been easy for the Japanese to shoot people down by calling them communists, and they have actually done so in many instances. Those who were alert enough have fled, and those who were feeble quickly became exhausted and died, while those left to stagger along are being reinforced all the time by new recruits. It is true that the Japanese authorities have put a ban on Chinese immigrants into Manchuria, but the real purpose of this policy is to deter the more independent Chinese immigrants which the Japanese authorities evidently do not desire. Meanwhile, however, Japanese agencies have been constantly busy in bringing contracted coolies to take up slave labour in Manchoukuo.

In addition to the labour recruits from without, the Japanese have requisitioned labour within Manchoukuo. What happened in Liaoning province in March, 1934, is a typical example. From the villages in the districts of Chinghsien, Peichun, Heishan, Chingsi, Hsingcheng, and Suichung, one able-bodied young man was selected from every 20 families to be sent to Jehol to work on road construction. In Jehol, at the same time, from every family with three able-bodied men, one was conscripted for this labour, and from every family with five able-bodied men, three were taken.

When the Japanese authorities found it difficult to suppress the activities of anti-Japanese volunteers in the region of Tung-pien-tao in Liaoning, the Japanese troops encircled many villages and from August until the end of November, 1934, they compelled all the peasants completely to abandon their field work and to engage in road construction. In the eyes of the Japanese this is penal labour on a grand scale but its effect on agricultural enterprise is too obvious to need comment. The undesirability of this policy even caused the Japanese officers in the Manchoukuo government to sign a joint

petition in June, 1934, requesting the Kwantung Army to exercise moderation in labour requisitions. No mention was made in this petition as to the inevitably disastrous economic effect of the Japanese policy, and the petition was solely based upon the consideration that no excessive measures would reduce the acute anti-Japanese feelings which were on the increase. Nevertheless, as long as Japanese rule in Manchuria does not place its roots in the peasantry, so long will the agrarian problem be aggravated and agricultural production continue to deteriorate.

Labour requisitions are not confined to road building but are also made for the transportation of military supplies. In numerous places hundreds of peasants have been conscripted to bring their wheelbarrows and donkey carts or their horses for long distance transportation. The frequent disappearance of such conscripted peasants has aroused such dread among the peasantry that the relatively well-to-do families have put up a certain sum of money to buy poor people to substitute for them. These families, of course, cannot escape from the requisition of food and fodder. It is the usual practice with the Japanese troops to make a thorough search among the village families for requisitioning the fodder for their horses, and often the hungry peasants have had to stand by the horses feeding on the food taken from the peasant families.

In many fertile regions of the river valleys, the Chinese peasants have lost their land and the Chinese tenants their leasehold as a result of the Japanese colonization policy. The first Japanese settlement began in October, 1932, at Chianchiao-tun in Chia-mo-sze, situated in the lower Sungari valley. The Japanese settlers were selected from among the reservists of the army and were sent there with full military equipment. The entire village of Chianchiao-tun with fertile cultivated fields of about 50,000 *mow* was occupied by them, and all the original landowners of that village were compelled to surrender their land deeds. Even the Chinese tenants were evicted in a wholesale fashion because the Japanese extended new leases to the Koreans. Koreans also replaced the Chinese agricultural labourers. Thus the Chinese village population was driven out *en bloc*.

At Hunan-yin, a place located south-east of Chia-mo-sze, the Tokyo government set up the second Japanese colony in July, 1933. This, of course, was a more or less military occupation and some

of the original landowners who dared to protest to the local government were accused of connivance with bandits and were shot. When later, in March, 1934, a group of Japanese armed settlers were sent to the district of Ilan (Sansing), about 15,000 Chinese peasants organized themselves and put up a stubborn resistance. The entire Japanese group, including its commanding officer, was annihilated, but the news did not reach Harbin until one month afterwards owing to the complete break in communications. Finally the Japanese authorities despatched their Tenth Division brigade to Ilan and with heavy artillery razed 17 villages to the ground. More than 5,000 peasants were killed on this occasion and those who fled enlisted in the ranks of anti-Japanese volunteers. From then on more soldiers and armed police have been sent to protect the Japanese settlements as well as the Korean tenants and labourers in the valleys of Nonni, Sungari, Yalu and Amur. Even in the southern sea-port of Yingkow (Newchwang), in the province of Liaoning, and in the mountain district of Kailu in Jehol, such armed forces have proved indispensable for the protection of the scanty Japanese settlements.

While the Japanese have been able to drive away Chinese landowners by military occupation in the more thinly populated northern parts of Manchuria, they have had to adopt a different policy in order to acquire land in the more thickly settled places of the south. Regarding the latter, the case of Antung is a typical example. Here the local authorities forced the landowners to give up their farm property with a compensation which amounted to only one-fourth and often one-fifth of the market price. This virtually confiscated land was sold by the government to Japanese settlers who, in the majority of cases, leased it out to Koreans. Korean tenants and labourers are certainly not lacking, for the process of taking away land from the peasants in Korea has long been in operation—a process similar to that now going on in Antung —and these landless people have had to migrate northward into Manchuria. Indeed the process of requisitioning land in Manchoukuo has been more rapid than in Korea. The comparatively thin population in the Sungari and Amur regions and the large-scale military preparations such as the setting up of more than 40 airfields are obviously the reasons for this.

It is small wonder then that the peasants of the north-eastern

provinces of China are rapidly losing their land, agricultural animals, carts and labour power. It is entirely within expectation therefore that both agricultural productivity and the area of cultivation are becoming less. From the statistics officially published the following tables of indices are compiled and they conclusively prove the general decline of agriculture since the Japanese occupation.

TABLE 38. INDEX NUMBERS OF AGRICULTURAL PRODUCTION IN THE FOUR NORTH-EASTERN PROVINCES, 1930-1934 (1927 = 100)

Year	*Soya bean*	*Other beans*	*Kaoliang*	*Millet*	*Maize*	*Wheat*	*Rice*	*Other grains*	*Total*
1930	110	85	104	102	93	94	106	190	107
1931	109	72	98	92	97	109	109	183	105
1932	89	64	81	81	90	78	87	153	88
1933	108	75	92	102	109	99	106	181	106
1934	74	64	78	65	94	45	106	128	77

While the index of agricultural productivity in general dropped from 107 to 77, that is a 30 per cent decline, within a period of five years, the cultivated area shrank by no less than seven per cent during the same period. Despite the decrease in the total area cultivated, there was a 14 per cent increase in the area under maize from 1932 to 1934. Since the maize is much cheaper than the beans and wheat, and since it is not an export product, the increased acreage of maize certainly reflects the sinking status of peasant economy in Manchuria. In contrast to maize the area under soya beans decreased 16 per cent and that under wheat 50 per cent within three years of Japanese occupation. Since 1934 the Japanese policy of doing away with kaoliang fields along railways and highways in order to prevent anti-Japanese volunteers from ambushing them, has helped to reduce the acreage of this important subsistence crop.

Along with the decline of productivity and the decrease of the cultivated area, there has been a drastic drop in agricultural prices, undoubtedly due to the Japanese trade manipulation and monopoly. In spite of the revival in the export market for soya beans, the market price in north Manchuria was reduced by half from 1932

to 1934. Other export agricultural products have suffered the same fate. According to the statistics compiled by the Economic Bureau of the Chinese Eastern Railway, the average farm income in that railway region was $122 (Harbin) per *hectare* in 1929-30. By the 1933-34 season that figure had dropped to $75 (Harbin). This 53 per cent decrease in farm income applies more or less throughout the four north-eastern provinces.

Apparently the Chinese peasantry as a whole is being crushed between the dropping agricultural prices and the increasing burdens of rent and taxes. Quite aside from the requisitions in labour, food, animals and implements—a devastating process already described above—there has been a surprisingly big increase in land tax itself. On the eve of Japanese occupation, the total tax for every 10 *mow* in Liaoning province amounted to $7.50, on the average, but by 1934 this had increased to $17 to $20. Under such circumstances, therefore, it is not unreasonable to expect that all classes of the Chinese peasantry are becoming anti-Japanese, and that they have willingly entered into a united front for their national liberation.

(Yeh Min, *The Livelihood of the Toiling Masses in the North-east*, CHUNG-KUO NUNG-TS'UN, Vol. II, No. 5, May, 1936, Shanghai.)

SECTION IV

1. THE DECLINE OF CHINESE HANDICRAFTS

ACCORDING to both nature and history, Chinese handicrafts may be divided into three categories. First, there are the handicrafts of the peasant family, which are really a natural phenomenon to be found in any closed economy and the products of which are either for home consumption or for bringing in an auxiliary income. The salient feature of this category is the close affiliation between field work and home industry. Thus, at times when there is no field work, the peasants do carpentry and masonry and the women may also spin and sew. In the mountainous regions of China, many peasants realize their auxiliary income from charcoal-burning, wood-cutting, brick-making, mining, brewing, mat-making and weaving. In other parts of China there are even more varieties of such handicrafts. These handicrafts, based on home labour and the use, in the main, of local raw material, represent a traditional and primitive form of production, the very simplicity of which is a deterrent to technical improvement; but nevertheless these handicrafts are a huge obstacle to the development of more specialized urban handicrafts.

The second type of handicrafts originate from the peasants who have lost their land and who have to pursue some sort of handicraft work for their livelihood. These people have become either independent masters of handicrafts with their establishments in the cities, or dependent handicraftsmen mostly possessing tools but not raw materials and hiring themselves out sometimes in the cities and sometimes in the villages. This latter group is similar to hired labourers only because they receive wages, but they really represent a medium type between rural home handicraft and specialized urban handicraft. The former group, the independent handicraftsmen in urban centres, were already a very important economic factor in China in the ninth century. Thus, when Marco Polo visited Hangchow a few centuries later he recorded that there were no less than 12,000 workshops in that city, each with 12 to 40 workers.

These handicrafts have long had their own guilds, but instead of opposing the government as European guilds did before modern industrialization, they were organized for the sole purpose of guaranteeing industrial secrecy and of distributing to a narrow market, and they therefore only served as a check on technical progress and market expansion. The Chinese urban handicraftsmen, moreover, were subject to governmental requisitions of their products and as a result they tended to manufacture objects of luxury rather than those of general utility.

Chinese handicrafts of a third type emanated from a distinctly bureaucratic organization which no longer exists. Throughout the dynasties there were government bureaus of handicrafts with large establishments commanding the highest skill. The salient feature of such bureaus was, however, the requisitioning of their skilled craftsmen from all over the country. Many unskilled workers in these bureaus were recruited from among convicted criminals; in fact no governmental handicraftsmen were free workers, and without special governmental waivers their work was hereditary and their sons had to carry on after them. The products of these governmental handicrafts were, of course, not thrown on to the general market but were consumed by the Court and its circle, the various governmental bureaus, the troops, and even the bureaucrats themselves. This huge governmental production and the simultaneous requisition from the people of copper, iron, tin, hides, quicksilver, tea, candles, vegetable oil, etc., undoubtedly delivered a serious blow to the free urban handicrafts, both by taking away a potential market and by commandeering the skilled workers. By the 18th century, much of the tributes and requisitions were being paid by cash substitutes, and after the 1911 revolution the government handicraft bureaus disappeared.

On the surface one would expect rural handicrafts to have better prospects than urban ones. The truth is, however, that the rural handicraft workers are the very peasants who are under the constant pressure of rent and tax payments, and consequently have not the slightest chance of increasing their equipment and improving their technique. This fundamental factor, which virtually prohibits any advance of productivity and which, in turn, prevents the possibility of attaining a wider market, is responsible for the stagnancy of rural handicrafts in China. Moreover, trade capital and usury capital

which, in pre-capitalistic China form part and parcel of the landlord's power over the peasantry, have long exercised a monopolistic control over rural handicrafts. Since China has entered modern world trade, much of the trade capital in China has quickly been converted into money capital controlled by the compradores, and consequently has become the spearhead of imperialistic penetration.

Indeed after the rural communities of China became linked with the world market, the inevitable trend of the last hundred years has been a desperate struggle for existence on the part of the Chinese handicrafts against foreign economic invasion. The result is that Chinese handicrafts are declining pathetically and are being merged into the general system of world capitalism. As has been shown by custom's statistics, Chinese imports increased 25½ times from 1890 to 1930, whereas that increase during the previous 26 years was not more than two-and-a-half times. The import of cotton cloth, kerosene, cotton yarn, nails and needles, in other words, those articles replacing what was formerly supplied by handicraft products, in an ever-growing quantity, speaks clearly for the general decline of Chinese handicrafts.

The Chinese handicrafts are becoming more and more closely connected with the world capitalistic system. Foreign factories are getting processed raw materials from China and, at the same time, many new Chinese handicrafts are getting the necessary raw material from abroad. Some handicrafts have grown up purely on account of the export demand and when the foreign market demand ceased they collapsed even more quickly than they had been established. Perhaps there is no better illustration than the vicissitudes of the hair-net and lace trade.. Some years ago, missionaries in Chefoo and its vicinity promoted these handicrafts at a time when there was an enormous demand from America; but as soon as the world depression set in and fashions also changed, hair-net and lace exports from Chefoo dropped suddenly from more than 20 million dollars to less than one million. Aside from such unexpected changes, which of course have sent a vast number of peasants into bankruptcy, the manipulation and monopoly of the middlemen and the compradores, and the operation of the unequal price system between the processed material exported and the imported products, have transformed many of the Chinese handicrafts into risky, gambling

enterprises. Under such circumstances, the real wages of Chinese craftsmen are always lagging behind, and their work itself is simply done to accommodate the need of the advanced industrial nations. The increase or decrease of tariffs by a foreign nation often spells the ultimate fate of the Chinese peasant craftsmen, and indeed this is one of the basic phenomena accounting for China's sinking to the status of a colonial nation.

Generally speaking, the effect of modern machine industry in China, be it owned and operated by Chinese or foreigners, is also to bring about the ultimate downfall of Chinese handicrafts. Because the factories in China can utilize cheaper labour and raw materials and pay less for transportation, their industrial products are of a far more competitive nature to the handicrafts than the same products when imported. Moreover, the factory industry in China, with its influence on handicrafts, has somewhat changed their forms. As we have stated above, the Chinese handicrafts had never developed into such workshops as were known in European history and consequently they had no urge for any sort of industrial revolution, nor were they able to imitate a capitalistic form of production as was later introduced by imperialistic penetration. Thus, in the hopeless process of dodging modern industrial influence, Chinese handicrafts have already lost their independence.

Attached to the modern factory industry in China, there are five forms of handicrafts. First, there is home handicraft which receives wages. An example of this is matchbox-making in the homes, either urban or rural, in the neighbourhood of the match factory, and in this case the wages are always paid by piece work. Second, there is the type of workshop that does not manage its own marketing but whose workers receive wages from a bigger concern from which they take orders. An example of this is a bookbinding shop affiliated to a big book company. Third, there are those handicrafts which either because of the acquisition of the necessary raw material or because of the marketing of the finished product, have come under the complete control of a particular modern industry. Fourth, there are those handicrafts which may be described as only semi-dependent upon the modern factory, either because a part of their work is to take optional orders from the factory or because their products are marketed by the same agent who distributes factory products similar to theirs. The fifth and certainly the prevailing

type is that in which the employer is himself the merchant. The best example of such handicraft is to be found in the weaving industry in Kao-yang, the famous hand-weaving centre in Hopei province.

Undoubtedly the dominant form of hand-weaving organization in Kao-yang, is one in which a little over 80 cloth and yarn shops and dyeing concerns advance cotton yarns to the weaving family and pay by piece work when the cloth is delivered. Instead of handling the business through a middleman, as was done at first, the shops and concerns have now come to deal with the peasant weavers directly. Strictly speaking, the history of the Kao-yang weaving industry is only a matter of three decades. There was a steady upward tendency, as shown in the increase of the total number of looms, from 1912 to 1926, but from 1930 on there was a very rapid decline. Along with this general decline of weaving handicrafts there has been a reversal in the status of the two types of organization; in 1912 the looms of independent weaving families represented 65.5 per cent of the total, and those of the weaving families employed by the shops 34.5 per cent, but in 1933 the former percentage was reduced to 10 and the latter had risen to 90. Moreover, it must be pointed out that in 1933 about half of the yarn supplied by the shops to the weavers in Kao-yang came from Japanese mills. The dependence on raw materials from modern factories indicates the increasing subordination of such handicraft to the capitalist system of production. This phenomenon is by no means confined to Kao-yang but is also manifested in all the other handweaving centres in China, such as Weihsien in Shantung, Nantung and Haimeng in Kiangsu, Sha-shih in Chekiang, and Yue-lin in Kwangsi.

It is obvious that though the new types of handicraft that have been directly or indirectly created by modern industrial capital are in a better competitive position than the older and traditional handicrafts, their own future is by no means certain because they too cannot stand imperialistic invasion from outside. Of all foreign invasions, the Japanese have taken the most drastic steps, because in their attempted conquest they have combined economic penetration, political intrigue and military actions. One can reasonably imagine that one additional loom in Osaka, in Tientsin, in Tsingtao or in Shanghai has already demolished, or will very soon demolish,

many more hand looms in China, thereby ever enlarging the number of the unemployed. The introduction of factory work and the increasing influence of industrial capital in China have certainly produced a temporary boom in the new types of handicrafts, but they will eventually crush the very thing which they have created.

(Lee Tse-tsian, *The Declining Process of the Chinese Handicraft Industries,* QUARTERLY REVIEW OF THE SUN YAT-SEN INSTITUTE, Vol. IV, No. 3, Autumn, 1937, Nanking.)

2. RURAL AUXILIARY OCCUPATIONS IN WEIHSIEN, SHANTUNG

THE SHANTUNG peninsula, or the eastern part of the province, has always been renowned for its great wealth, and Weihsien, in this respect, is an outstanding district. The prosperity of the peasantry, here as elsewhere in China, depends on the variety and abundance of their auxiliary incomes. In recent years when there has been no benefit from grain, in spite of bumper crops, and when in many cases the crop income falls short of the cost of fertilizing, the incomes from auxiliary occupations have assumed an increasing importance. Situated on the Tsingtao-Tsinan railway and connected by a regular bus line with the port of Chefoo, Weihsien has all the conveniences of communication which at first promoted rural handicrafts, but subsequently proved to be a boomerang. This is clear from a survey of the vicissitudes of all the important auxiliary occupations in this district, namely, the preparation of pigs' bristles, hand weaving and tobacco baking.

The pig bristle preparation work is carried on mostly in the northwestern part of Weihsien. This enterprise was first started about 1910 purely as a home industry, but was later organized under the control of some 50 firms. The annual export of these bristles through Tsingtao has reached a total value of more than one-and-a-half million dollars. Because of the sudden fluctuations of prices and other causes, many firms have run into debt and this downward tendency still prevails. Each of the bristle firms has been organized

from the families of the village in which it is situated or those nearby. Each family usually has ten holdings in the firm but each firm has only a total paid capital of 300 to 500 dollars. The important fact is that for the running expenses of the firm, which usually amount to from 20,000 to 100,000 dollars per year, loans are always contracted at usurious rates from the bristle-collecting agencies in Tsingtao and from the money shops in the city of Weihsien.

Immediately before and after the Chinese New Year festivities, all the 50 firms send out their own men to the various districts in western Shantung and often as far as the contiguous parts of Honan, Hopei and Kiangsu to collect bristles. These are transported to Weihsien and are prepared and cut to a standard length, after which they are sent to Tsingtao in baskets containing 102 pounds each. The entire work of preparation is usually done by women and girls of from ten to thirty years old. The sending of bristles to Tsingtao is practically monopolized by certain transportation companies which deliver the goods to the collecting agencies. These agencies in turn have to negotiate with the compradores who are connected with the foreign export firms. This series of middlemen acts like a heavy drag on the whole business. Out of a total value of more than one-and-a-half million dollars, the annual export value of bristles from Tsingtao, no less than 60 thousand goes to the collecting agencies as commission. This, together with the profit that goes to the foreign firm and commission to the compradores, exorbitant or sometimes illegal fees connected with railway transportations, all kinds of taxes, and the interest rate of more than two per cent per month on loans, make it impossible to pay the workers anything like a reasonable wage. This is only aggravated by the fluctuation of market prices.

Of even more importance than the bristle business is that of hand weaving which is done mostly in the eastern part of the district. In the prosperous years, 1926 and 1927, there were more than 10,000 looms in Weihsien, nearly all of them made locally. Nearly all these looms are foot-operated and each requires two people in attendance. The sudden collapse of this business occurred between 1933 and 1934 when more than half of some 70,000 looms ceased operation. This was chiefly due to the appearance on the market of large quantities of foreign cloth.

Practically all the yarns used in Weihsien for hand weaving are

from seven cotton mills in Tsingtao, one of which, Huasing, is Chinese owned and the other six Japanese. The raw cotton from all these mills, however, comes from western Shantung and the contiguous parts of Honan and Hopei. Tsinan is the centre of collection and this cotton is transported by the railway eastwards to Tsingtao for the factories. Thus Weihsien witnesses the passage of the cotton on its way to Tsingtao, from which it receives yarns which in 1929 and 1930 reached an annual average of about 10,000 tons, or about 56,000 bales, with a total value of more than 15 million dollars.

It has been estimated that during those years half the yarn produced in the Tsingtao factory was used in Weihsien. These yarns passed through the hands of Chinese merchants in Tsingtao who purchased them from the Japanese factories, through the agents of some 40 money shops in Weihsien who managed the purchase and transportation in Tsingtao, and finally through the yarn shops in Weihsien itself which distributed the material to the different houses possessing looms. Needless to say the burden of fees and also the taxes connected with this business have greatly increased the cost of yarns. In 1933, therefore, the Japanese took advantage of this situation and established a big firm called Suihsiang, near the Weihsien railway station, to act as direct distributing agents for all the factories in Tsingtao. This step not only eliminated the various commissions but also circumvented the Chinese business tax and other miscellaneous levies. This firm has already secured its monopoly and with very few exceptions all the 40 money shops in Weihsien which used to deal with the yarn business have become bankrupt.

According to the statistical reports of the railway stations in Weihsien, the export of cotton cloth from hand looms has averaged 6,000 tons every year. This sum, together with 2,000 tons exported by parcel post, make a total of about two million pieces of cloth. This does not include the other exports through the highways to the north of the district. By land or by sea, the market for all the Weihsien cloth is in the provinces of Honan, Hopei, Shansi, Shensi, Suiyuan and particularly in the three north-eastern provinces of Manchuria. Since 1932, the last mentioned provinces have ceased to count, and the recent large-scale Japanese smuggling has upset the market in the other northern provinces. Even without smug-

gling, however, it is doubtful whether handmade cloth could stand the competition of the Japanese factory products which are continually improving in quality and falling in price.

The villages in the southern part of Weihsien are particularly concerned with the preparation of tobacco leaves. The American seed tobacco was introduced here by the British-American Tobacco Company in 1914 and from then until 1918 the company distributed seeds gratis and made loans to the tobacco peasants on relatively easy terms. This company had no rival in Weihsien until 1922 when the Chinese Nanyang Bros. Co., and the Japanese Nanshin and Komeboshi companies began to pursue the same business.

The fresh tobacco leaves have to be baked before they can be delivered to the collecting agencies of the various companies. Thus in every village in this part of the district many special cellars have been built for the purpose of tobacco baking. Usually one such cellar, locally known as the 'cage house', is large enough to bake the leaves harvested from five *mow* of land, although of course these do not all come in together. As the *mow* in Shantung is much larger than anywhere else in China, the leaves from one *mow* amount to about 600 pounds. The cost of coal for baking 600 pounds of leaves is about $10.

As the necessary cost of fertilizers per *mow* must be calculated at $16, labour at $12 and rent and interest at $10, the approximate cost of production per *mow*, including the coal for baking amounts to $48. While this total cost of production is not flexible, the price of baked leaves per hundred pounds has steadily declined. Prior to 1919 the price per hundred pounds had already dropped from $18 to $15 and from that year to 1926 it remained at $14 but since then it has again fallen until in 1933 it was only $5. The price of 600 lbs. of leaves from one *mow* is therefore not more than $30. This means a deficit of more than $10 per *mow* to the tobacco peasants.

In the meantime, the tobacco company still makes a huge profit because one pound of leaves sold to the company for $0.05 or $0.06 is made into cigarettes at a cost of $0.50 which ultimately sell for over $1. Out of this profit the company has been able to pay or to bribe the magistrate as well as the police to keep the protesting peasants quiet. Under such a system, tobacco baking, which in this

part of Weihsien has already become more than an auxiliary occupation, proves more and more to be a losing proposition to the producers.

(Lung An, *Rural Auxiliary Occupations in Weihsien, Shantung,* RURAL WEEKLY SUPPLEMENT OF TIENTSIN I SHIH PAO, 12th May, 1934.)

3. THE HOME BREWING INDUSTRY IN TAI-HSIN, KIANGSU

SITUATED EAST of Chinkiang, but on the northern bank of the Yangtse, is the district of Tai-hsin which for centuries was noted as one of the richest districts in northern Kiangsu. Almost the entire district is a fertile alluvial plain created by deposits from the river. For a long time it was appropriately known as 'the district of silver', but this name can no longer be applied for during the past few decades the riches of Tai-hsin seem to have been swept down the river to Shanghai from whence they have been scattered abroad. Compared with the surrounding poverty-stricken districts such as Tsin-kiang and Yang-chung, however, Tai-hsin is still relatively prosperous.

The increasing dependence of peasant households on auxiliary incomes has been responsible for the growth of a well-known wine industry whose product is considered only second to that of Shao-hsin in Chekiang province. Closely connected with home brewing is hog raising, which forms the second life-line of the peasantry. Apparently the entire livelihood of the Tai-hsin peasants is dependent on a circular process of agriculture and hand industries. After brewing the offal is used for feeding hogs, the manure from the hogs is used for fertilizing the land, and the fertility of the grain fields, the basis for brewing, is thereby maintained.

In Tai-hsin, generally speaking, a peasant family with five or six *mow* of land raises two or three pigs and makes wine once or twice a year. Barley, buckwheat and millet are the secondary crops of the district, but wheat and kaoliang, used for brewing, and potatoes and carrots, used for food and fodder, are the main crops. Home brewing and hog raising have been developed to such an extent that the district has to import large quantities of kaoliang and

some rice and soya beans. About one million pigs and 30 million *catties* of wine are exported from Tai-hsin annually.

All the pigs are bred locally and are therefore cheap as weaners. The feeding is also of the cheapest, consisting of the offal from brewing together with potato peelings, carrots and water weeds. Even so, hog raising is not a paying proposition on account of the high interest which has to be paid to the usurers and the price manipulation by the hog collectors. Hogs are being raised, therefore, only as a means of obtaining ferilizer and as a by-product of brewing. Indeed hog raising often only drags the peasant household into greater indebtedness because of the not infrequent additional losses resulting from swine fever.

The blows to wine export from Tai-hsin in recent years have had a devastating effect on the peasantry. First, prohibition in the United States brought a decline to exports and even after repeal the original trade was not restored. Then with the creation of Manchoukuo, more serious difficulties in connection with the industry arose, for in addition to a considerable loss in markets in these north-eastern provinces there was a very marked rise in the price of raw materials that were imported by Tai-hsin from these provinces. After 1931, the Tai-hsin imports of kaoliang from Manchuria, amounting to half a million *piculs* every year, had to bear the burden of customs duties. This brought about a great increase in the cost of wine production at a time when the market price of wine was decreasing, the combined effect of which has been to undermine the industry itself.

Since home brewing has always been a supplement to agricultural work, though the income from wine has become more than an auxiliary affair in Tai-hsin, the difficulty of maintaining that industry is obvious when it is realized that the general agricultural situation is also growing worse. This is evidenced by the general increase in rent and taxation and the funds raised in taxes to fight the bandits have drained the peasants to such an extent that many of them have been forced to join the bandits themselves. In the midst of such chaos there is hardly any prospect of reviving the home brewing industry.

(Shih Ko, *Where is Tai-hsin, the District of Silver?* EDUCATION AND THE MASS, Vol. VIII, No. 7, 28th March, 1937, Wusih.)

4. TRADE CAPITAL AND SILK FARMING IN WUSIH

SILK FARMING, which involves mulberry planting and silkworm raising, occupies a very important position in the agrarian economy of Kiangsu province. Wusih may be considered the silk centre of Kiangsu, and it is silk farming that brings the Wusih peasants their chief auxiliary income. Owing to the extreme meagreness of agricultural income and the heavy burden in taxes and rent, it has become normal for the peasant in Wusih to depend upon silk for his livelihood. In recent years, however, the world depression has severely affected peasants in silk producing regions. Although silk farming is declining rapidly, no other auxiliary work has been found to take its place and therefore the silk producers in the villages become more and more dependent on trade capital and subject to its exploitation.

Up to 1929, the silk peasants produced their cocoons from home-grown eggs, or from eggs locally grown. After that time the peasants began to hear of what were known as 'improved eggs'; these were either imported eggs or eggs produced at government experimental stations. Merchant speculators were not slow to take advantage of the situation. The price of cocoons from home-grown eggs was deliberately lowered by these interests, and their purchase was often refused by collectors. In the meantime a regular business grew up from the sale of improved eggs and it was only a matter of three to five years before home-grown eggs ceased to be used. Since many of the peasants could not afford to buy the improved eggs and were unable to sell cocoons from home produced eggs, they were forced to abandon silkworm raising. The number of silkworm raisers in Wusih in the spring of 1934 was only one-third the number existing in the spring of 1933.

Silkworm cooperatives have been established by merchants in Wusih in recent years, both for purposes of marketing and also to obtain a price monopoly. Attached to the cooperatives are establishments for the preparation of improved eggs, and from these establishments people are sent out to organize new cooperatives, and instruct the peasants in the use of the new egg sheets. In order to

join the cooperatives, both those having their own mulberry leaves and those not having their own mulberry leaves must be introduced by two people who are already members. The members who own mulberries must deliver them to the cooperative on credit for common feeding of the silkworms. Times are specified for delivery of the mulberry leaves and in the case of inadequate or late delivery, the account of the individual concerned is debited with an appropriate amount which is deducted from the price of the cocoons. Likewise a fine is imposed on those who are delinquent in attending to the common work of the cooperatives. When the silkworms are ready to form cocoons they are distributed to the households of the cooperative members, but each household receiving silkworms has first to buy a package of disinfectant costing twenty cents. Very often the cooperative organizers visit the households to tell the peasants what they already know, namely, how best to care for the cocoons. Such organizers are often very overbearing in their attitude to the peasants and, in reality, are not seriously concerned over the success of the cocoon crop.

Silk cooperatives, however, have not yet assumed an important position among the silk growers, the majority of whom are subject to other and worse forms of trade capital exploitation. Because of the decrease in cocoon prices, the areas of mulberry fields have been greatly reduced during the last few years. Grain or vegetables are now being grown in former mulberry fields, and when there is a new interest in silkworm raising an adequate supply of mulberry leaves seems difficult to obtain. When the leaves are first put on the market the price per *picul* is 50 to 60 cents but due to the manipulation of trade capital it finally turns out to be $3.30 or $3.40. The peasants themselves are responsible for carrying the leaves to the merchants collecting them at the trading centre. Many peasants are forced to sell their leaves because they cannot meet the expenses of silkworm raising. There are also many landlords who, though able to raise silkworms, do not care to do so, and therefore make a profit by selling leaves in large quantities. The majority of the silkworm raisers, however, are those trying by every means to raise an auxiliary income and as their own leaves are generally far from adequate they are forced to buy from the mulberry leaf merchants. The merchants take advantage of their position between the buyers and sellers; in addition to manipulation in the weighing of leaves and

fixing of prices, the actual price given for leaves is always 15 per cent less than that quoted. On the other hand, the leaf buyers are always allowed to take leaves on credit provided that they have reliable guarantors, but when they actually pay they do so at a price five to ten per cent in excess of the original price demanded. Such credit is usually for ten days only and within such a short period the mulberry leaf merchants at this rate can make $110 from $85, or a 29 per cent increase. This is possible because sellers of leaves, in addition to being anxious for ready cash, cannot run the risks of a credit sale even were it possible for them to arrange one; and because the buyers are unable to pay cash until they have sold their cocoons.

Another and older form of trade-usury exploitation is still to be found in many parts of Wusih. This is popularly known as selling green leaves. Hard pressed by tax, rent and debt burdens, the peasants are forced to secure a certain amount of cash, especially at the end of the year when these payments can no longer be postponed. Those having any mulberry fields, therefore, sell the expected leaves to the merchants in advance. This, on the surface, may appear to be purely a matter of trade, but in reality it is a matter of trade and usury combined, for in every case the cash paid for such leaves is far below the current market price, usually only 60 per cent of it.

In 1934 the cocoon crop, both from the old and improved eggs, turned out to be an excellent one, and it looked as though the high price of mulberry leaves (over $3 per *picul*) could be justified by the profit, and that the one month of hardship during which the peasants went underfed and with insufficient sleep would be compensated. The dreams of the peasants, however, were to be shattered and in spite of the good cocoon harvest still more peasant families became indebted. Indeed one family which had cultivated five sheets of the Tiger Brand eggs, obtaining excellent cocoons, were forced to sell a piece of building land in order to pay their debts.

To understand this one needs only to appreciate how the peasants are being cheated by the cocoon traders. At the time when cocoon collecting was at its height, the cocoon collectors deliberately spread rumours of political unrest, impending civil war, slump in cocoon prices and even suspension of cocoon collection. These rumours

were quite sufficient to trap the peasants, but there were also many other ways by which the collectors could get the better of the peasants. The peasants often had to bring their cocoons a long distance to the door of the collectors and, in spite of the crowd, the collectors would delay weighing for many hours. During the weighing the collectors would sham depression and poor business, thus deliberately lowering collection prices. Finally the peasants, exhausted by fatigue and hunger from early dawn, were forced to beg in pitiful tones for a little better price, which when granted only meant about ten or twenty cents extra. In addition, the Chinese system of 'big' and 'small' money, gave the collectors a further opportunity to cheat the peasants. At the end of the day there would still be peasants who had not sold their cocoons. They often made a great noise cursing the collectors, calling for fire from heaven, without realizing that the collectors' property was insured and that such a burning would be of actual benefit to the collectors.

There are some cocoon collectors who only collect from cooperative members, each member delivering his own cocoons to the collector without bargaining, and receiving a certificate of the weight without any price being specified. The price is only fixed after testing the quality of the cocoons, and this is sometimes lower than that given by other collectors. Generally cooperative members are not allowed to sell their cocoons to other collectors. They can, however, count on a certain premium through the cooperatives and they can deliver their cocoons without all the delays and red tape experienced in the selling of cocoons to ordinary cocoon collectors.

The slump in cocoon prices in 1934 was very marked compared with the previous year and this was in spite of the bumper crop. The cocoons from improved eggs were sold at a maximum of $35 and a minimum of $20 per *picul*, while in 1933 the maximum was $44 and the minimum $25. There was a greater decrease in price for cocoons from unimproved eggs, which ran between $12 and $20 per *picul* in 1934. As late as 1930 this price had reached a maximum of $90 per *picul* and even in 1933 it was still $33. Under the sway of trade capital the peasants suffered both from the high price of mulberry leaves and from the low price for cocoons. In 1934, the mulberry leaves per *picul* cost as much as $3.30 to $3.40, thus the total cost of mulberry leaves for the production of one *picul*

of cocoons was a little over $50. Compared with the maximum price obtainable for cocoons that year, this left the producer with a deficit of about $15 per *picul*, without taking into account other costs, including labour.

(Chien Chao-hsuen, *The Mulberry and Silkworm Industry of Wusih under the Sway of Trade Capital*, CHUNG-KUO NUNG-TS'UN, Vol. I, No. 4, 1935, Shanghai.)

5. PEASANT WOMEN AND HAND WEAVING IN KIANGYIN

KIANGYIN, the district in which the well-known Yangtse fortress is situated, lies north of the Shanghai-Nanking railway and has been connected with Wusih only within the last few years by a motor road. Because of its more or less isolated geographic location it was not affected by modern industrial influence until long after the districts traversed by the railway had been opened to foreign economic penetration. Up to recent years, almost the entire peasant labour in Kiangyin was engaged in cereal growing and silkworm raising. In connection with these two forms of work, the peasant women had to spend a considerable portion of their time in helping the men and they did not do much spinning and weaving except in their leisure time.

In recent years, however, due to the drastic drop in cocoon prices and the rapid fluctuation of the prices of wheat and rice, the income of the Kiangyin peasantry has become both risky and meagre. To meet this situation, the exploitation of home labour among the peasantry has naturally been intensified. Both men and women had to work even harder than before in order to eke out a living, but in addition to their hard work, the women have now taken on a new form of work, namely, knitting and weaving by hand machines.

Perhaps a no more exhausting work can be found than hand weaving as done by the Kiangyin peasant women. They get up at early dawn from the broken boards on which they usually sleep

and almost immediately start work on the hand looms. Often they work until late midnight with the very insufficient light of a small kerosene lamp. Their attendance at the looms is almost constant except when they stop to have a meal of thin gruel or to see to their children. When, in addition to preparing meals, the weavers have old people or young children of six or seven to take care of, they have no time to leave the looms for their own meals but have to sip their gruel as they work. Young girls who have not the strength themselves to operate the looms, often work in conjunction with their mothers. During rather frequent seasons of drought and crop failure, the middle and poor peasants have to rely on weaving as the sole means of bringing in an income. Thus when they are too poor to procure additional looms the different members of the family take their turn in operating the same loom, so that it is working 24 hours in the day.

In most cases the traditional type of hand loom is still used and this is only capable of turning out a ten-inch wide cloth. The unpopularity of such a narrow cloth for marketing purposes has further forced down the price, and indeed one piece of cloth which would take the weaver two entire days labour only nets 20 to 30 cents. There are, of course, fairly well-to-do peasant families who have abandoned the use of the traditional hand loom and now employ an improved type, the productivity of which is twice that of the former. Though this modern type hand loom can turn out a much wider cloth to meet the demand of the market, the quality of the cloth from this loom is still far behind that of the iron loom, which though still operated by hand can turn out five times more than the traditional wooden loom. With the cost of the iron loom running from $30 to $50, the middle and poor peasants obviously cannot afford to install it. While the use of all three types of hand looms will eventually be replaced by the power loom of the factory, the traditional wooden loom will be the first to disappear, but at present, the majority of looms used among the Kiangyin peasantry are of this primitive type.

In recent years, in the southern parts of Kiangyin, there has sprung up a new hand industry among the peasant women and that is the knitting of socks on a hand operated machine. Such knitting is particularly common among the peasant families who cannot afford to procure a loom. The usual practice is for the

merchant to provide the peasant women with both the knitting machine and the necessary raw material. The finishing process which consists of finishing off the toe and cutting out and attaching the trade mark is not done by the knitters but by another set of younger peasant girls. This seeming division of labour has originated from the fact that the merchants want to utilize cheaper child labour.

The intensity of knitting work easily matches that of weaving, for an ordinary peasant knitter operates at least 15 hours a day on the hand machine, and that the work is onerous is shown by the fact the women often become dizzy from the rapidity of operation and the accumulated fatigue. The maximum one woman can knit in a day is from three to five dozen pairs of socks of coarser quality, or from one-and-a-half to three dozen pairs of the finer quality. The low scale of pay by piece work is evident, for only eight to ten cents are paid for each dozen pairs of the coarser socks and only 15 to 20 cents in the case of the fine socks, making the maximum daily earning from 50 to 60 cents. As to the sewing up of the toe, the maximum one person can accomplish in a day is three or four dozen pairs and the pay is from four to six cents for each dozen pairs. The low scale of payment for the cutting and pasting of the trade-mark is even more surprising. One girl can at her best put on as many as 4,000 pieces in a day, and inevitably her thumbs and fingers become swollen from the work, but the daily wage amounts to no more than about 15 cents.

The merchants who supply the knitting machines know how to reduce wages at the slightest opportunity. Often when crop failure has become apparent and the demand for work increases, they further reduce the wages by 15 per cent. Driven by desperate conditions, the peasant women enter into sharp competition for obtaining the use of knitting machines and in many cases, special pleadings and even bribery are resorted to. Once the peasant family has secured a machine, it is exhaustively used by the mother and her daughter—or some other member of the family—in turn.

In recent years there have been some peasant women who have been forced to leave their homes to work in workshops and factories. There is now a cotton mill in the south-eastern corner of Kiangyin and there are also a number of weaving shops with iron looms in the city of Kiangyin. These establishments can survive in spite

of the ever-decreasing purchasing power of the people in the district, chiefly because of the reduced wages and the fact that they market their products in distant districts through Wusih and Shanghai. The peasant women who work in the local cotton mill start work at about five o'clock in the morning and do not see the sky again until six o'clock in the evening. In addition, when the factory is prosperous, they continue to do night work from seven to twelve. All wages are on a piece work basis but they are paid only at the end of each month, when the amount at best is only $8 or $9. Young girls of seven or eight years old often follow their mothers to the factory spinning room and they too work as assistants on piece work at even lower wages. Permission to mothers to bring their young daughters to the factory is given by the foremen as a favour, because under present circumstances there are a great many unemployed women and girls who cannot afford to work at home and are therefore anxious to be taken on by the factory.

Since during recent years modern industrial influence has penetrated more and more into the village life, the consumption of the cloth from the traditional hand loom and the old-fashioned socks that were made from it, is rapidly declining, but in the meantime the prices for factory-made cloth and knitted socks are manipulated by the merchants and tend to increase. Such prices in the villages are 20 per cent higher than in the city of Kiangyin and at least 30 per cent and often 50 per cent higher than in Shanghai. Merchandise from the city and from Shanghai is often peddled in the villages by women who carry packs and who can easily get access to the household. The recent opening of the motor road from Wusih to Kiangyin has given a new impetus to the rural market for imported goods. Undoubtedly the increased expenditure of the peasantry in this way works as a driving force to compel the peasant women to find more and new means to meet the cost.

(Lo Chun, *Women Labour in the Villages of Kiangyin,* THE EASTERN MISCELLANY, Vol. XXXII, No. 8, 16th April, 1935, Shanghai.)

6. TWO HAND WEAVING CENTRES IN SOUTHERNMOST CHINA

IN SPITE OF the low tariffs on imported textiles and the consequent competition from such imports, there are nevertheless a few hand weaving centres scattered throughout the country. Most of the old weaving centres have long ceased to exist; the present ones have arisen comparatively recently. When peasant bankruptcy in a certain locality has not yet become extreme and members of the different households are still in a position to earn an auxiliary income, and when there are easy marketing conditions both because of good communications and slackness in competition from foreign goods, money capital has not failed to take advantage of the situation by the creation of a new hand weaving centre.

On the Pearl River delta there have been four traditional trading centres, Canton, Chen-t'sun, Shih-lung and Fu-shan. While Canton has now become a great municipality, the other three have rapidly declined and even Fu-shan's short revival as a hand weaving centre seems to be doomed. Quite different from Fu-shan is the new hand weaving centre in Yui-lin, a district in the south-eastern corner of Kwangsi province, made possible partly by the opening up of motor highways.

Before the construction of these highways Yui-lin was not very accessible, but due to the fertile plain in the central part of the district it has always been a prosperous self-supporting agricultural region. This situation has been rapidly changed by the four motor roads opened since 1925, connecting Yui-lin with Pei-liu to the east, Lo-chuan to the south-east, Po-peh to the south-west, and Kwei-hsien to the north-west, all of which are river ports, the last-named being the largest and situated on the upper Pearl River. As communication and trade increased the influence of money economy, agricultural crops have become more commercialized than before and through the operation of the price system the peasants have had to earn more money in order to meet their expenses. It is this available labour power and the easy marketing conditions created by the new communication system that has been responsible for the development of hand-weaving.

In 1921 there were less than 100 looms in Yui-lin and hand

weaving was not important in the agrarian economy of the local peasantry. The growth of hand weaving as an industry took place only after 1925 when there were marked changes brought about by the new highways, changes which resulted in the loss of land by many peasants and the impoverishment even of small landlords. Of all the districts in Kwangsi, Yui-lin has the densest population, and the industry is concentrated in the village of Sin-tin, which is only three miles from the city of Yui-lin, and is virtually at the centre of the highways. As the common saying has it, there is not a single household in this village that is not engaged in weaving.

Yui-lin does not get all its yarn from Chinese factories, a considerable portion being supplied by Japanese factories. The boom in the Yui-lin weaving started with the manufacture of a certain kind of figured cloth, an imitation of that produced in Fu-shan. Each piece is 15 yards long and 17 inches wide and weighs two *catties*. The market price is usually $1.75 per piece, and generally speaking 12 pieces can be woven from one spool of yarn in 15 days. Wages are paid either according to the piece or the spool. During the boom, a stronger and finer type of figured cloth, half cotton and half flax, was introduced, the market price usually being $4.40 per piece. This high price limits the market and for this reason this type of cloth does not occupy an important place in Yui-lin weaving, but it is still manufactured in small quantities because of the large profit it yields.

At first, the organization of hand weaving in Yui-lin was chiefly in the form of workshops where sometimes the owner also acted as foreman, the weavers were paid either monthly or daily, and the cloth was sold from the workshop direct to the retailer. Later, however, because of the sharp competition among the workshops and the impossibility of 'rationalizing' production with such primitive looms, the drop in the market price made it impossible to meet the payment of wages. Consequently this system of workshops collapsed.

The workshops, therefore, have been modified, and are now jointly owned by the original workshop owner and the cloth retailer. Under this system, since the workshops only turn out spools of yarn ready for weaving, hardly any hired labour is necessary, the spinning and winding being done by home labour. These prepared

spools are distributed to the peasants who do the weaving in their own houses, and when the cloth is delivered to the owner merchant, the wages are paid at the rate of $1.12 for each spool. A time limit is usually set up for the delivery of a specified amount of cloth and because of the desire on the part of the merchant to quicken the circulation of his capital, the weavers are urged to make early deliveries. Extra payment is given for cloth that is delivered earlier than the set time, but any postponed delivery may cause the weaver to forfeit his or her next batch of spools.

Recently another type of weaving organization has become even more prevalent than the last described. In this case, there is no joint capitalization and the workshop is entirely out of the picture, the merchants simply collecting the cloth in the street markets without any previous distribution of spools. In the summer of 1934 the collecting price of the Fu-shan type of cloth was $1.70 per piece and that of the stronger and finer type $4.20 per piece. Of even greater significance is the fact that since no spools are distributed by the merchants and the peasant weavers are too poor to furnish the materials for their work the merchant collectors often pay collecting prices partly in yarn.

The prevalence of this collecting system shows the increasing control of trade capital directly over the peasant households. Not only do the merchant collectors set low prices for collection but they often suspend collection entirely, awaiting the rise of the market price of the cloth. The boom of hand weaving in Yui-lin reached its high watermark in 1930-31; the business decline since then has lowered the profit of the merchants to the extent that only five or six cents profit can be made from one piece of the Fu-shan type of cloth. Consequently the wages have been drasticly reduced. During the boom years when this type of cloth was sold for $2.20 per piece, the daily wage of the weaver was as high as 40 cents and the merchant's profit from this was 25 cents. Now, however, with the market price per piece $1.75, the daily wage is much less than ten cents. Even in 1933, the wage given for the cloth from one spool of yarn was $1.28, but this dropped to $1.12 by 1934. Since the weaving from one spool requires 15 days, this means a reduction of the daily wage within one year from $0.085 to $0.075. This drop in wages and the meagreness of the wage itself (two-and-a-half cents U.S. currency daily wage) simply

reflects both the increasing bankruptcy of the peasants and the dark future of the hand weaving industry itself.

It was also in the year 1930 to 1931 that the business prospects in Fu-shan were brightest. Because of the European War there was a complete suspension of the Russian cloth market in Kwangtung and subsequently, due to the anti-Japanese boycott, the import of Japanese cloth greatly diminished. This was practically the only reason for the hand weaving business revival in Fu-shan. Some of the Fu-shan workshops operated as many as a hundred looms and in 1931 the total number of looms in the workshops and peasant homes was about 10,000. The name of Fu-shan has always been better known than that of Nan-hai, the district in which it is situated, and this new weaving boom certainly helped to preserve its reputation.

In recent years, however, there has been a drastic decline in the market price of cloth, chiefly due to the dumping of Japanese imports, and the Fu-shan industry is steadily retrogressing. From 1931 to 1934 the price dropped from $1.00 to $0.35 per foot, on the average, without any appreciable increase in consumption. No wonder then that in the spring of 1934, there were not more than 4,000 looms left operating in Fu-shan and furthermore it is significant that the majority of these looms were leased out to the scattered peasant households. Some of the workshops were closely connected with the cloth retailers and others, like those in Yui-lin, were jointly owned by the merchants. Not more than 40 workshops were found in Fu-shan in 1934, and though some of them had owned and operated over 100 looms in 1931, none of them operated more than 30 looms in 1934.

Some 200 workshops, in the latter year, leased out a total of 2,800 looms to the peasant weavers, but the largest number leased by any one of them was about 80. The usual cost of a new loom was about $10, the monthly rent charged to the peasant weaver being $0.40 to $0.50—a rent which easily covers the original cost of the loom in two years. The majority of the workers on the looms in the workshops were men, and the foremen and most skilled workers originally came from Kao-yao, a nearby district situated on the Pearl River, that had once been noted for its cloth. During the busy season these weavers had to work fourteen hours a day and during this period the most skilled could weave 35 feet of

cloth, while those less skilled generally wove 25 feet. In these shops 20 or 30 looms were often crowded into one or two rooms and on some of the idle looms, flimsy boards and broken mosquito nets were spread for those living on the premises. Night weaving, however, has long been discontinued in order to save the expense of artificial light.

The reductions in weaving wages in a brief period of about five years have been astonishing. In 1930 the daily wage was from 45 to 50 cents, but it was cut down to an average of 20 cents in 1934, the maximum being 25 cents and the minimum 15 cents. On the surface this 15 cents minimum wage may appear to be much better than the seven-and-a-half cents daily wage in Yui-lin, but since the cost of living is much higher in Fu-shan than in Yui-lin, the weavers in the former are in reality worse off in terms of real wages.

Taking the hand weaving industry as a whole, the majority of the workers have always been women and in 1931 when the cloth boom was at its height in Fu-shan, nearly 7,000 peasant women or about 80 per cent of the total weavers came from surrounding villages. After the depression set in, nearly all the women weavers became unemployed and were compelled to return to their home villages. The 2,800 looms leased to the peasant households within a three mile radius of Fu-shan should hardly solve the unemployment problem and the drastic reduction of wages certainly wrought great havoc on the auxiliary income of the peasants.

(Chen Nyi-kuan, *The Cotton Hand-weaving Industry of Yui-lin,* in THE DESCRIPTIVE ESSAYS OF CHINESE VILLAGES, Edited by the Research Society for Chinese Agrarian Economy, pp. 129-134, 1936, Shanghai. *Chen Han-seng, Notes from Travelling Diary.*)

7. THE PEASANT EXODUS FROM WESTERN SHANTUNG

TOWARD THE north-west of Chinan, in western Shantung, is the district of Yue-cheng. To the west of this district the Chao-nui river, running towards the east, meets the Teng-chin river coming from the south and together they run for more than ten miles through Yue-cheng. The plain around the juncture of these rivers

is known as Cheng-nan, for it is just south of the district city. The blessings that might have come from this fertile plain have become an actual curse due to the almost annual flood.

During the last few decades, utter neglect on the part of the administration and the general poverty of the villagers which has prevented them from initiating any work of their own, have resulted in repeated preventable calamities. Deforestation, dumping and lack of any river conservancy have prevailed for so many years that the main river bed is narrower than either of its branches. Whereas the Teng-chin river is now 32 feet wide and the Chao-nui 48 feet wide, the joint stream is only 28 feet wide. No wonder then that since 1930, five out of the seven years have witnessed floods.

The peasants were able to maintain themselves with what little grain store and money savings they had for the first two flood years, but when the fourth and fifth floods came they had absolutely nothing to fall back on. Usurers in the city and at the railway station who were more resourceful than the village usurers, naturally refused to loan at this time, realizing that they had very little chance of being repaid. In such cases the peasants were unable to borrow even at the very high interest rates of four or five per cent per month, and indeed the higher the interest rate the more hesitant was the usurer to loan. The inability of the peasants to repay their debts has been clearly reflected by the common saying of the usurers: 'The people of Cheng-nan are scoundrels, always evading their debts they are simply unfit for business.'

In the winter of 1935 the peasants of Cheng-nan were reduced to eating the bark from trees and the roots of herbs. Actually this condition was not limited to the district of Yue-cheng, for at that time other flooded districts in western Shantung were sharing the same fate. Destitute peasants from this large area had no alternative but to rove from one place to another. This further agitated the peasants of Cheng-nan who organized themselves to petition the magistrate for relief. The magistrate immediately ordered the shutting of the city gate in order to prevent the entry of over 3,000 peasants into the city. Only a few peasant delegates were permitted to talk to him, resulting in the usual way, with the magistrate promising to petition the provincial government for relief from the public granary.

Unending delays and bureaucratic red tape proved once again

complete indifference to the acute suffering of the hungry masses. A year's delay meant a year of hunger and it was not until the spring of 1936 that the peasants received from the public granary 12 *catties* of unhusked rice per person. Even the relief thus afforded must be discounted, for of the unhusked rice given to the peasants only about half of the quantity contained rice and the rest was empty husks.

It is hard to conceive how such relief could have done the peasants much good, and actually many of them abandoned their homes and fled to other districts. The investigations in one village by the writer of the present article may be taken as a typical example. The village in Cheng-nan that he investigated is named Chao-chuang and it had a population of 530 people in 76 families. In the winter of 1935, 25 entire families left the village, and from each of 39 families one to three persons left, leaving only 12 families intact. In all, 230 people left the village that winter. In other words this peasant exodus affected 84 per cent of the families and reduced the population by 43 per cent, and yet Chao-chuang was by no means the worst affected village in the flood area.

The almost annual flood created great confusion among the peasants who were quite unable to effect any organized control. Whatever feeble attempts they did make to turn back the water, such as the building of small mud banks, proved useless in nine cases out of ten. The flood meant the loss of a year's crop, for when the water receded the fields were left in very bad condition, covered with a thick layer of black silt which dried and cracked in a hard crust. Having lost their seed and probably their animals, the peasants had no hope of starting afresh, so after every flood a procession of peasants could be seen from nearly every village abandoning their homes and setting out in search of food. Creaking wheel-barrows, piled high with quilts, clothing and household utensils, were pushed by able-bodied men along narrow paths, each being followed by a group of women and children. Behind them they would leave some houses with the doors sealed with mud, or others with one or two people too old to travel, left to scrape a living as best they could.

After a long winter of suffering, spring would come only to make the peasants realize the helplessness of their situation the more. The usurers seized this as the best time to do business. In

the spring of 1936, for instance, when the wheat crop looked very promising and the peasants were short of food, the rich families bought coarse grain from the city and had it transported to the villages. This was given as a loan in kind to the peasants at high rates of interest. Such loans in kaoliang and millet had to be repaid in wheat, and usually 100 *catties* of kaoliang had to be repaid by 135 *catties* of wheat. Since the value of wheat is always higher than that of kaoliang or millet, the interest charged was sometimes is high as 80 to 90 per cent in less than two months.

These usurers and also the shops that sold goods to the peasants on credit, would send their agents to collect debts immediately after the harvest. Thus the peasants would have to resort to many ingenious ways to avoid them, and to remove their wheat secretly to the railway station where it could be sold to the merchants. The wheat of Yue-cheng is famed for its good quality and whenever there is a good harvest collecting agents are sent down from nearly all the flourmills in the Tientsin area. Taking advantage of the peasants' urgent need for money, the merchants always do their best to lower the prices, and even if the peasants have temporarily avoided the usurers they have to face the merchants who are no better. It is quite usual for the merchants to adopt deceitful methods to outwit the peasants. For instance, they announce that $5.50 will be paid for every hundred *catties* of wheat. When the peasants, attracted by this price, bring their wheat to the railway station for sale, they find that the price has dropped overnight to five dollars. They are forced, however, to take this price in spite of the large drop for they know very well that any hesitation or delay means sure confiscation by the usurers.

Finally, the owner-cultivators cannot escape land taxes, the collection of which, in the flood areas, is invariably carried out by a tax-farming method. This method is, of course, the easiest way to effect the collection, owing to the confused and difficult situation created by the floods. It is always those who are sufficiently well-to-do and ruthless in character that are engaged in tax-farming. The amount that they collect for themselves amounts to almost as much as they collect for the government; when the government demands $3.30, the peasants usually have to pay over six dollars.

The writer himself was in the village of Chao-chuang in 1936 just two months after the wheat harvest and his own investigation

brought to light the fact that out of the total of 76 families, only nine, at that time, had as much as three months food, 11 only had two months, 19 only one month and as many as 37 families had already exhausted their supplies. These figures are all the more significant because it was a year in which there was no flood and a good harvest.

Once the writer met a peasant of sorrowful appearance who said, 'This year our family harvested about 10 *piculs* of wheat out of which 1.2 *piculs* were paid for rent, 2.5 *piculs* for the repayment of loans in kind, about 1.8 *piculs* for taxes, about one *picul* for the purchase of a working animal, and about one *picul* to repay recent credit purchases. Thus only about 2.5 *piculs* remained, and of these 1.8 have already been consumed by the family. How we are to manage to live with less than one *picul* in hand until the next harvest, is hard to conceive. Furthermore, there are still some outstanding debts from credit purchases, some $12 worth of things in the pawnshop to be redeemed and school fees for the boys to be met.'

Such a budget reveals the almost hopeless condition of the peasantry in this area, for it not only allows of no leeway to meet such emergencies as flood, drought and locusts, but it also shows that even in normal years a moderately well-to-do peasant family is being rapidly reduced in its economic status. This explains why the peasant exodus is more or less continuous, regardless of the harvest or the presence of natural calamities.

(Hao P'un-sui, *The Villages in Cheng-nan in the District of Yue-cheng*, MIN CHIEN, Semi-Monthly, Vol. III, No. 19, 10th February, 1937, Peiping.)

8. THE GENERAL ECONOMIC DECLINE IN FUAN IN NORTHERN FUKIEN

FUAN is a district lying on the north-eastern coast of Fukien province, but aside from the inhabitants of the coast who are mostly fishermen, the large majority of the population is agricultural. The

south-eastern part of the district produces buckwheat, rice and sugar cane, while the north-western part produces tea. There is practically no export of buckwheat or rice for they are used for home consumption. The exports of cane sugar and tea, however, are considerable, and go chiefly through the port of Santuao, north of Foochow. The black tea from this region goes mostly to the Soviet Union through Vladivostok.

Until recent years, therefore, there were many merchants who became prosperous through the sugar and tea trades and whose foreign style residences are still to be seen in the city and in the rural trading centres. The economic depression and political confusion of the past few years have brought about quite a different situation. The local sugar business has been completely ruined by the merciless manipulation of Formosan sugar prices. Even when Fuan sugar was reduced to the lowest possible price, it could not stand the competition of Japanese manufactured sugar from Formosa in any market, including the local one. A similar fate has befallen the tea market. The long interruption of shipping between China and the Soviet Far East has killed the black tea trade with that country. Most of the wealthy merchants in Fuan went bankrupt and their decaying mansions now stand as mute testimony to their former prosperity.

The reasons for this change are not far to seek. First, both tea and sugar manufacture is done by hand and not by modern machinery; indeed the bulk of it is done by peasant home labour exploited by the merchants and middlemen. Secondly, under the combined pressure of the invasion of foreign products and the ever-increasing tax burden, neither the merchants nor the peasants have a chance to make a living.

It is true that two years ago, in the spring, the provincial government sent special officials to investigate the conditions of the trade in Fuan. It is also true that a year ago the government set up a large modernized tea factory in Fuan. But although the governmental rehabilitation work has resulted in a slight improvement in the tea trade, it has not brought anything approaching prosperity, and the future remains very dark and uncertain owing to the general economic decline.

Inasmuch as tea and sugar are the 'life-line' of the peasantry in Fuan, the almost complete collapse of the market has caused general

bankruptcy and forced the population to lawlessness. It is no wonder then that during recent years many people have become communists, who in turn have caused governmental military campaigns. Formerly, one battalion was considered enough to keep order in the district, but now at least one division is constantly stationed there. This is necessary because the communists are still active.

In addition to the sufferings brought about by military campaigns, requisitions in labour and in kind, and loss of lives and property through bombings and burnings, the peasants are still constantly exploited in rent and by usury. The peasants living in the hills and valleys remote from the area of military actions might be expected to fare better, but they are equally affected by the rise in prices of the goods that they have to buy and the simultaneous drop in prices of the crops that they have to sell.

Under such conditions a considerable number of able-bodied men have joined the robbers and bandits or have migrated to such cities as Foochow and Amoy. Of those going to the cities, most become ricsha-men, being unable to obtain any other employment. The wives of such peasants suffer to an even greater extent. There was a time when the country women going to the cities could find work in the rich men's houses, but since the economic status of the rich has been declining this kind of work has become more and more impossible to obtain. Recently, therefore, many peasant girls have gone from Fuan to Foochow to become prostitutes, and many village families depend on remittances from these women.

From the personal experience of the writer of this article, one incident may be mentioned as being a typical case of the vast peasant exodus from Fuan. In the summer of 1936 he met a peasant of about 30 years of age on board a steam boat at Fuan. This peasant was evidently returning from Foochow. Though in the prime of life, he looked far from strong and against the medley of patches on his loose baggy clothing, his face emerged with a weary and uncanny expression. Constant anxiety must have brought him to a state where anxiety was meaningless and he appeared completely unaware of what was going on about him.

In spite of the difficulties of approach the writer managed to engage him in conversation. 'Why,' asked the writer, 'did you

go to the provincial capital? Is it not true that it is even more difficult to make a living there than in our home district?'

'There is no way out,' the peasant replied, 'I cannot stay at home where the house is already full, but if I do not go back and see my wife and son, the chances are that they may be starving.'

A long silence ensued after which the peasant continued with great depth of emotion. 'Yes sir, I had never intended to come back for I fully expected to find some sort of work, even of the lowest order, in the provincial capital. My wife and son have no hope, but I thought that at least I could find a living. Curse them all. Over one month I stayed in the district guild house, the poverty drove me distracted; I have to come back.'

The district guild house was originally built by the merchants of Fuan for the holding of entertainments, and during the old civil service examination period, for the accommodation of Fuan participants. Since the cessation of the old examination system, the guild house has been used more and more as a charity institution. It provides shelter for a number of destitute people from Fuan who are in Foochow, and the common guild treasury often appropriates money for minimum funeral expenses in the case of death, or for sending the helpless home to Fuan.

'Then, you will probably find some way out when you get back,' the writer remarked, in an attempt at consolation.

'Oh, but you don't really understand. Down in our village labour requisitions are going on, ordered by the District Magistrate, for building motor roads. Refusal to go would mean a heavy cash fine. You see what a world it is!' On mention of the requisitions, the peasant's voice tightened, his fists clenched, he gnashed his teeth and the veins stood out on his forehead as he continued bitterly: 'They tell me that almost the entire village has fled. My uncle who is over 60 years old has been taken by the District Magistrate and imprisoned.'

'So this time you are going back to your home?'

'No, I only go back to see my wife and son. If the situation looks bad, I shall steal away, but if somehow I can fix up my wife and son, then I will . . .'

'Then you will join the bandits?'

At this question, the peasant burst into bitter laughter, which was heartrending to hear. Looking at his bloodshot eyes and wrinkled

brow, it was impossible to believe that he was only 30 years old. Requisitions both military and civil, together with the collapse of the tea and sugar trade, have compelled the peasants to migrate from Fuan. Undoubtedly there are numerous cases very similar to the one described above.

(Chang Yu-sui, *The Daily Decline in Fuan*, EDUCATION AND THE MASS, Vol. VIII, No. 6, 28th February, 1937, Wusih.)

9. INTERNAL CHINESE MIGRATION

RURAL bankruptcy in China, which has been greatly accelerated by contact with modern world commerce since the middle of the last century, has sent millions of Chinese out of the country, and in spite of various political and economic restrictions in the countries to which they go there are still several millions of Chinese living overseas. The Chinese population in Siam, the Malay States and the Netherlands Indies amounts to over a million in each case. After railways were built in Manchuria and Inner Mongolia, millions of peasants from Shantung, Hopei and Honan migrated to these regions. Such internal migration has been proceeding on a large scale for a number of years, and has attracted the attention of the outside world, but Chinese internal migration south of the Great Wall, from district to district and from province to province, has been constantly going on without drawing much comment owing to the lack of systematic information. Famine and civil war have made this migration absolutely necessary. The Sino-Japanese war, begun in the summer of 1937, has further disrupted the coastal regions and the districts along the main rivers, forcing the people to scatter in all directions.

On the question of internal migration north of the Great Wall, much has already been written, though the developments during and after the Sino-Japanese war have yet to be investigated. The general problem of internal migration in what may be considered normal years, south of the Great Wall, is also worthy of attention because it forms an important phase of the Chinese agrarian pro-

blem. Based upon the incomplete investigation of the Ministry of Industries, in 1935, the figures regarding internal migration are of extraordinary significance. The reports from 1,000 districts in 22 provinces, which were supposed to cover nearly 40 million families, stated that 1,900,000 entire families had left their villages, while 3,500,000 families had had some member leave. According to this, 13½ out of every 100 families have been affected by migration, and in southern Shantung, western Hupeh and northern Anhwei, this percentage is above 50.

Men formed the large majority of the emigrants. In many cases, the women could not leave because of the old people and children for whom they had to care, and in other cases women were left behind, to carry on cultivation of land that was far from sufficient to support the entire family. Furthermore, it was realized that men would be less handicapped than women in finding employment elsewhere. Very few children under 19 and very few people over 45 took part in the migration. In recent years, however, there has been some change as there is an increasing demand for child labour in the cities and war devastation has compelled even the aged to flee. Nevertheless, it is the young men between 30 and 35 who form the largest percentage of migrants. The investigation of 24 villages in four separate districts of Kwangsi shows that 23 per cent of the migrants were men of this age.

In general, very few middle peasants or rich peasants have found it necessary to leave their villages. An increasing number of landlords are taking up their residence in the city or other more prosperous villages to find more security and protection, but the majority of the migrants have always been poor peasants who are usually tenants. The 1935 investigation of the Ministry of Industries brought out the fact that 35 per cent of all migrated families were tenants, 29 per cent owner-cultivators and 19 per cent landlords. Under present circumstances, the migrants are rarely able to pursue the same kind of work that they did at home. Only relatively few of the tenants find it possible to lease land and start anew, the majority of them being reduced to hired agricultural labourers and various types of coolies. In many cases men have gone to the city to become ricsha pullers and transportation workers, and women to become domestic servants, nurse-maids, or even prostitutes.

Although a series of catastrophes, such as crop failures, drought, flood, locusts and other pests, has been the immediate and certainly the most apparent cause of Chinese migration, there is nevertheless a more fundamental reason which should not be ignored. In other countries where the agricultural population is relatively well-to-do, the farmers usually have a sufficient stock of supplies and cash to tide over bad years, but in China where the peasantry is already poverty-stricken they have no such emergency reserve. The majority of Chinese peasants belong to the category of poor peasants, either landless or with insufficient land, and nearly always in debt. Possessing very little means for production and without the slightest chance of increasing it, these peasants are already on the brink of bankruptcy, and with a heavy burden of rent, taxes and requisitions to shoulder, they are bound to fall into the abyss with the coming of any catastrophic event. Were it not for their utter poverty the peasants would be able to keep the dykes in repair, improve irrigation work and adopt prevention measures against insect pests. As it is they are left helpless, and the officials and gentry, who are intimately connected with the landlords, have never tried to give them assistance. Thus, man-made calamities have made the Chinese peasant an easy victim of any natural catastrophe.

Man-made calamities have also been directly responsible for a considerable amount of internal migration. In recent years, prior to the Japanese invasion, civil war in China had become more intensive, and the consequent devastation and loss of life instilled such fear into the public that the people who were formerly hesitant are now anxious to leave their homes at the first news of war. Many peasant families prefer to flee in order to avoid heavy military requisitions. In districts where there are a considerable number of bandits, who originally were no more than peasants themselves, many landlords, rich peasants and even some middle peasants have been compelled to move away. There are also several regions in China where the tax on supposed opium land is so heavy that numerous landlords, particularly the less substantial middle landlords without sufficient power for tax evasion, have been forced to migrate to the cities. Several years ago this was a common phenomenon in the vicinity of Chungking and of Kweiyang, and in the districts around Sian in north China and around Foochow and Changchow in south China.

Up to the outbreak of the Sino-Japanese war in 1937, the population of Shanghai was increasing by some 100,000 every year, and that of Nanking by almost twice as much. The general migration from rural places to urban centres elsewhere in China, though not affecting such a large number of people, is a matter of common knowledge. Of course this rush to the cities has brought about many changes in urban life, for it has encouraged thieving, gambling and other immoral and criminal habits, and it has inevitably lowered wages. Trade depressions have made matters worse, for in many cases they have resulted in the complete suspension of work and in many other cases they have suddenly reduced the number of employees. Thus as unemployment spreads in the cities, the destitute get shuttled back once more to the countryside.

Internal migration in China has further disrupted rural economy. With the general flight of the resident landlords and other well-to-do people from the villages, money has become increasingly scarce in the countryside. To a certain extent, this tightening of the credit situation has enhanced the development of usury and other forms of exploitation affiliated to it. Parallel to this drain of money there is also the drain of labour power, for as stated above the young able-bodied men usually form the largest percentage of migrants. It is evident that when agricultural work is left to weaker people, particularly when they are unable to till sufficiently deep, crop production is likely to diminish. Then, here and there, large groups of refugees from famine regions have roamed from district to district begging and robbing as they went. These people have been prevented from entering cities by armed police and stationed troops, and when they have not become bandits their wandering has not only brought embarrassment to the inhabitants of the countryside, but has also caused actual loss to the peasant families.

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